

JPRS 79942

26 January 1982

# South and East Asia Report

No. 1093

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## SOUTH AND EAST ASIA REPORT

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## CONTENTS

## INTER-ASIAN AFFAIRS

'DEPTHNEWS' Survey of Economic Growth in Asia (BUSINESS TIMES, 25 Nov 81).....	1
Increase in ASEAN Oil Exploration Activity (BUSINESS TIMES, 9 Dec 81).....	5
ASEAN Concern Over Possible U.S. Arms Sales to China (Francis Daniel; BUSINESS TIMES, 27 Nov 81).....	6
Piracy on Increase in Malacca Straits, South China Sea (Roy Farndon; NEW STRAITS TIMES, 19 Nov 81).....	7

## BANGLADESH

Paper Alleges Plans To Amend Constitution (Hasan Saeed; THE NEW NATION, 19 Nov 81).....	8
Export Shortage, Aid Drop Damage Economy (Hossain Khasru; HOLIDAY, 13 Dec 81).....	10
Japanese Aid Chief Pledges Close Cooperation (THE BANGLADESH OBSERVER, 13 Dec 81).....	13
Repatriated Tribals Report Poor Treatment in India (THE NEW NATION, 12 Dec 81).....	14
World Food Program To Grant More Assistance (THE BANGLADESH OBSERVER, 12 Dec 81).....	15
Reportage on Visit of DPRK Officials to Dacca (THE BANGLADESH OBSERVER, various dates; THE BANGLADESH TIMES, 14 Dec 81).....	16
Premier's Arrival, Other Activities Dinner for DPRK Premier Accord, 11 December Activities Farm Commission Meets DPRK Vice Premier Departs	

Awami League Leaders Disagree on Major Issues (THE BANGLADESH OBSERVER, 11 Dec 81) .....	22
President Sattar Speaks at Navy Day Parade (THE BANGLADESH OBSERVER, 11 Dec 81) .....	24
Brezhnev's Birthday Celebrated in Dacca (THE BANGLADESH OBSERVER, 20 Dec 81) .....	26
Soviet Embassy Event Sattar Message to Brezhnev	
Briefs	
New Cabinet Member	28
Government Economic Committee	28
Danish Loan Accord	28
Asian Development Bank Loan	28
BURMA	
Ne Win's Influence Evident in Leadership Changes (Zaw Win; BUSINESS TIMES, 17 Nov 81) .....	29
INDIA	
Moscow's Influence Felt in Conduct of Foreign Affairs (Ajit Bhattacharjea; NEW STRAITS TIMES, 14 Dec 81) .....	30
Anti-Terrorism Campaign in Punjab Reported (PATRIOT, 15 Dec 81) .....	31
Indian Extremists' Activities Reviewed (Prakash Chandra; THE MUSLIM, 20 Dec 81) .....	32
INDONESIA	
Moving Closer to Self-Sufficiency in Rice Production (Richard Cowper; BUSINESS TIMES, 21 Nov 81) .....	34
Balance of Payments Deficit Brings Spending Readjustments (Peter Griffiths; BUSINESS TIMES, 27 Nov 81) .....	35
Export Commitments Linked To Award of Contracts (BUSINESS TIMES, 11 Dec 81) .....	36
Report on Chinese Indonesians' Share in Economy (BUSINESS TIMES, 14 Dec 81) .....	37
KAMPUCHEA	
Khmer Resistance Groups Pose Constant Threat (Victoria Butler; BUSINESS TIMES, 25 Nov 81) .....	38



'QUAN DOI NHAN DAN' Reporter Visits Kampuchean Province (Le Bui; QUAN DOI NHAN DAN, 25 Nov 81).....	39
LAOS	
Socialist State With a Capitalist Economy (Michel Blanchard; BUSINESS TIMES, 2 Dec 81).....	42
MALAYSIA	
Possibility of Early General Elections Seen (A. Kadir Jasin; BUSINESS TIMES, 20 Nov 81).....	43
CPM Leader Surrenders in Thai Border Area (NEW STRAITS TIMES, 19 Nov 81).....	44
Libyan Cultural Center Opens in Kuala Lumpur (THE JAMAHIRIYA MAIL, 21 Nov 81).....	45
Massive Increases in Sabah License Fees, Assessments (NEW STRAITS TIMES, 18 Dec 81).....	46
Prime Minister Denounces Poison Pen Letter (NEW STRAITS TIMES, 17 Dec 81).....	47
International Trading Company To Begin Operations (Ahmad A. Talib; BUSINESS TIMES, 28 Nov 81).....	48
Diversification Needed To Overcome Trade Deficit (Charles Chan; BUSINESS TIMES, 30 Nov 81).....	49
High Level Delegation Visits Kuwait (BUSINESS TIMES, 30 Nov 81).....	50
Private Corporation Takes Over Management of Sabah Agency (Razak Lee; BUSINESS TIMES, 1 Dec 81).....	51
Producers Scoff at U.S. Explanations of Tin Sales (Charles Chan, Bob Teoh; BUSINESS TIMES, 12 Dec 81).....	52
Construction of Bintulu LNG Plant Proceeding on Schedule (BUSINESS TIMES, 14 Dec 81).....	54
Swiss-Made Pilatus Trainers Ordered for RMAF (NEW STRAITS TIMES, 11 Nov 81).....	55
Armored Personnel Carriers From Belgium (NEW STRAITS TIMES, 28 Nov 81).....	56
Lumut Naval Base Nearing Completion (NEW STRAITS TIMES, 11 Dec 81).....	57

## PAKISTAN

Collaboration Among Muslim Countries, Pakistan's Role (Sheikh Aleem Mahmud; THE MUSLIM, 24 Dec 81).....	58
Foreign Minister Comments on Nuclear Program, U.S. Aid (BUSINESS TIMES, 17 Nov 81).....	61
Export Processing Zone Nears Completion (Ibrahim Khan; BUSINESS TIMES, 1 Dec 81).....	63
Editorial Discusses Agriculture in Baluchistan (Editorial; BALUCHISTAN TIMES, 18 Dec 81).....	64
NWFP Official Discusses Development (KHYBER MAIL, 28 Dec 81).....	68
Editorial on Oil, Gas Exploration (Editorial; BALUCHISTAN TIMES, 18 Dec 81).....	69
Editorial Urges End of Tariff Restrictions (Editorial; THE MUSLIM, 5 Jan 82).....	71
'Big Tractors Lobby' Blunted (THE MUSLIM, 22 Dec 81).....	72
Greater Lahore Plan Reported Under Preparation (THE MUSLIM, 23 Dec 81).....	73
Editorial Says Growth Figures Misleading (Editorial; THE MUSLIM, 28 Dec 81).....	74
State Bank Credit for Private Sector (THE MUSLIM, 5 Jan 82).....	76
NWFP Governor on Afghan Refugees (THE MUSLIM, 28 Dec 81).....	78
Plan To Supply Sui Gas to Azad Kashmir (THE MUSLIM, 29 Dec 81).....	79
Article Discusses Who's Who of Advisory Council (A. T. Chaudhri; DAWN, 2 Jan 82).....	80
Editorial on the State of Campuses Reported (Editorial; DAWN, 2 Jan 82).....	82
Column Discusses Violence, Politics on Campuses (VIEWPOINT, 17 Dec 81).....	84
Commentary on Campus Lawlessness (VIEWPOINT, 17 Dec 81).....	86

## Briefs

Trade Gap Lower	87
World Bank Loan	87
Yamani Visits Tarbela	87
Outgoing French, Burmese Ambassadors	88
Qatar Foreign Minister Arrival	88
Envoy Meets With Romanian Official	88
Tribal Area Group Abolished	88
Baluchistan Ulema's Tour	88
Navy Chief in Kuala Lumpur	88

## PHILIPPINES

GNP Annual Growth Target Set at 6.5 Percent (BUSINESS TIMES, 23 Nov 81).....	89
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## SRI LANKA

Authorities Gather Information on Terrorists (Aruna Kulatunga; SUN, 4 Jan 82).....	90
Tamil Group Calls Off Independence Move (AFP, 13 Jan 82).....	92
Students Boycott Classes To Protest Police Action (AFP, 8 Jan 82).....	93
United Kingdom Brushes Aside Eelam Move (SUN, 5 Jan 82).....	95
Briefs	
Vietnam To Close Embassy in Colombo	97

## 'DEPTHNEWS' SURVEY OF ECONOMIC GROWTH IN ASIA

Kuala Lumpur BUSINESS TIMES in English 25 Nov 81 p 6

[Text]

ECONOMIC growth has generally slowed down in Asia this year, according to a *Depthnews* survey. This slump is expected to continue until the early months of next year when several countries are expected to pick up.

And, according to economists, the 1980s will see a fundamental change in the economic growth of Asia.

The countries surveyed by are: Japan, Thailand, Singapore, South Korea, Philippines, Indonesia, Malaysia, Sri Lanka, Bangladesh and India.

But what may be a slump in these Asian countries is practically a boom compared to the rest of the world which is limping with very low growth rates.

This year's growth rates range from a low of 4.5 per cent for the Philippines to a high of nine per cent for Singapore. Barring any new recession, all of the countries surveyed are expected to increase their growth rates or remain steady. India's economic growth, however, is expected to decline from seven per cent in 1981 to 4.5 per cent next year.

Many Asian economists blame the slump in the region on the prevailing recession that has affected the world, particularly the industrialised countries, and higher prices of oil. While many of the 10 Asian countries have successfully readjusted their economies to the recession, there is growing fear that any new recession will only create more havoc.

Says Philippine Prime Minister Cesar Virata: "For our country, the possibility of a new recession in the industrialised countries could set back government efforts to revitalise the economy."

The year was particularly bad for Asian export commodities: Malaysian rubber, tin and palm oil; Thai tapioca, Sri Lankan tea, Bangladesh jute and Philippine coconut and sugar. Many of these commodities were buffeted by widely fluctuating prices and most of them fell below the price levels a year ago.

Since many Asian countries depend primarily on these commodities to earn foreign exchange, their ability to pay for imports has been drastically reduced. Trade deficits are widening and foreign reserves are shrinking in many Asian countries.

Japan and South Korea, with their export-led industrialisation programmes, are the only ones that seem to have trade balances in their favour. By 1982, the other Asian countries sur-

veyed are expected, however, to improve their trade picture.

While economic growth has cooled off in Asian countries, it has also cooled off the spiraling inflation. Inflation this year ranged anywhere from Japan's five per cent to Sri Lanka's unofficial estimate of 40 per cent.

Although this may yet seem high, it represents some drastic drops in the inflation rates of most Asian countries when compared to 1980. For example, South Korea's 34 per cent inflation rate in 1980 dropped to 22 per cent this year.

These rates are expected to drop further by 1982, with the exception of India and Bangladesh whose inflation is expected to reach 15 per cent. Japan's inflation rate, which will be the lowest in the region in 1982 and lower even than its Western counterparts, is projected to reach only four per cent.

Japan, South Korea and Taiwan will be replaced by Malaysia, Singapore and Hongkong as the region's leaders in terms of economic growth. And Malaysia is expected to emerge as the "new model of high growth with low inflation," says the confidential bank study.

"The 80s will see an acceleration of the long-term shift of economic activity from energy-poor North Asian countries to the energy-abundant south," said Montgomery Kingsley, senior economist at Chase Econometrics, the bank's forecasting subsidiary.

Besides energy, Japan, South Korea and Taiwan will be hurt by rising wage increases and a decline in the annual growth of world trade from 6.8 per cent in the '70s to only 4.5 per cent in the '80s.

The decline in world trade will mean that the export growth of nearly all Asian countries will also decline. Chase Manhattan Bank forecasts that the Philippines and Australia will be the only exceptions.

A more optimistic forecast — based on a computer model by some researchers with the University of Pennsylvania's Wharton School — says that the five members of the Association of South-East Asian Nations (Asean) will become Asia's growth leaders this year.

Starting this year, Asean will surpass the newly industrialised countries including Hongkong, South Korea and Taiwan in combined economic growth. The Asean's economic growth is put at 8.02 per cent for 1981 while that in the newly industrialised countries is projected at 5.36 per cent.

## INDONESIA

THE Indonesian economy can be compared to a steady ship moving smoothly on stormy seas.

Relative political stability, a favourable investment climate, a record rice harvest and a policy for equality-cum-growth — these factors have contributed to a strong economic performance in 1981 that boosted the Indonesian wage earner's purchasing power.

Gone are the ration cards and long queues for rice, cooking oil and other basic goods that characterised Indonesian economy in the 1960s and early 1970s. Through an extensive network of subsidies, the Government hopes to contain inflation to 10 per cent and make basic goods readily available to the people.

The country experienced 9.6 per cent economic growth in 1980. Although it is expected to decline to 8 per cent this year, it will still be among the highest in the region.

Indonesia's import needs are growing 20-25 per cent annually. Most of the imports are semi-processed (fertilisers, steel, yarn, cotton) and capital goods (machinery, pipes, electric motors, transformers). With this increase, economists say that whatever gains were made in the last two years would be used up.

In terms of investments, there were 28 new projects started within the 12-month period ending 1981. The new companies have starting capitals amounting to US\$348 million.

Despite this strong economic performance, former minister of trade Pro. Sumitro Djojodikusumo said: "The annual growth rate of the economy will fall to 7 per cent in two years due to the downward turn of the world economic situation."

## MALAYSIA

DESPITE the international economic environment's adverse impact on the Malaysian econo-

my, the outlook for the country will be for a stable and sustained economic growth.

Dr Lin See Yan, deputy governor of the Bank Negara, told *Depthnews* that he bases his optimism on the "general resilience of the Malaysian economy." He added that this stems from increasing diversification, the stabilising effects of government spending, the maintenance of stable monetary conditions and the continued demand for housing.

Malaysia's plans for the 80s are certainly ambitious. It intends to develop industries based on the processing of its resources, heavy engineering and high technology.

HICOM, the government corporation formed recently to undertake the development of heavy industries, estimates that it will need about M\$800 million (US\$339 million) in the next five years for its projects. Among these are a cement plant, an integrated steel mill, a small engine plant for motorcycles, and a pulp and paper plant.

Malaysia's optimism is shared by Japanese, Singaporean and Kuwaiti investors. In addition, Austrians and West German have also indicated their desire to invest further in the country.

Despite this optimism, the Malaysian economy suffered last year its sharpest drop of exports in the last five years. Malaysia's trade surplus for the first five months this year was leaner by about 85 per cent compared to the same period last year. Trade surplus reached only M\$426.6 million (US\$181 million) and is expected to deteriorate further the rest of the year.

This is due mainly to the lower demand and lower prices of such prime export commodities as rubber, tin, palm oil and timber. Crude oil comprise nearly 30 per cent of the exports, but with the current oil glut, Malaysia was forced to reduce its production to only 230,000 barrels daily,

At the same time, imports are increasing, especially for machinery and transport equipment (37 per cent of total value), mineral fuels and lubricants (17 per cent) and manufactures (16.2 per cent). Much of Malaysia's trade is conducted with Japan, the USA, Asean and the European countries.

Economists do not expect a complete export recovery for Malaysia until 1983.

## THAILAND

THE newly-developed gas reserves of Thailand are expected to save the country some US\$600 million annually by 1982. With proven reserves of about 11.5 trillion cubic feet of gas, Thailand should then be able to improve its trade picture.

According to a report by the Bank of America (Asia Division), Thailand's overall growth rate which was pegged at 6.5 per cent last year is expected to increase. But at the same time, inflation will continue to remain high.

With the continued slowdown in the industrialised countries, Thailand's exports will have grown to only 16 per cent — down from the 23.2 per cent growth recorded in 1982. But that will still not help the country's trade deficit from widening.

Exports are expected to slow down to 15 per cent by 1982 from the 1980 rate of 22.5 per cent. The

bulk of this reduction will come from the 8.7 per cent depreciation of the baht and the sharply reduced oil import bill.

Oil-poor Thailand is expected to save US\$600 million from its bills by 1982 when its gas reserves of 11.5 trillion cubic feet shall have been widely tapped. The reserves are expected to last for 35 years.

## PHILIPPINES

SPECIAL emphasis has been given to science and technology on the assumption that faster development can take place

if these two areas are expanded.

Such a review has proven necessary in the light of painful adjustments the Philippines must make in the next five years. In the 80s, said economists, the Philippines will grow at five per cent, compared to the average 6.3 per cent in the 1970s.

The next five years will not prove easy on the Philippines, even with the World Bank and the International Monetary Fund helping to resuscitate the economy. The Philippines has a legacy of economic problems. Its economy lacks resilience and money will have to be pumped in to replace much of the antiquated capital stock.

Despite these problems, it did not deter the Philippines from posting a "satisfactory" economic performance during the first six months of 1980. With exports down, the country's trade deficit reached US\$243 million. While this is lower for the same period in 1979, it is certainly much higher than last year's figure.

## SINGAPORE

FOR a country with practically no natural resources, Singapore has proven to be the region's most aggressive and fastest developing economy. With a 10.2 per cent growth rate in 1980, Singapore has been given a strong headstart into the '80s which would enable it to weather whatever economic disturbances may be in store for it.

Although the growth rate is expected to decline to about eight per cent in the next two years, it will still be among the highest in the region. But even with the decline, Singapore will still continue to outperform Taiwan, South Korea and the Organisation for Economic Cooperation and Development (OECD) nations.

The major impetus for the country's economic growth will come from financial and business services which contributed 27 per cent of economic growth.



There was a net increase of 20,000 jobs during the first half of the year, but it was lower when compared to the same period last year. Observers say that it is a reflection of the Government's economic restructuring policy which places more priority on skill and capital-intensive industries.

In terms of trade, Singapore imported more goods than it exported this year. The trade deficit has now widened to S\$7 billion (US\$3.3 billion) in the first half of the year compared to only S\$4 billion (US\$1.8 billion) a year earlier.

Rising imports of machinery, aircraft and ships have helped to extend the trade deficit, as have lower demand and reduced prices for such re-exports as rubber and palm oil.

## JAPAN

A GLANCE at such conventional indicators as gross national product and inflation should indicate that Japan's economy is one of the healthiest in the world. While economic growth was declining in many industrialised countries of the world, Japan's was growing at a respectable 4.8 per cent.

Yet, despite these signs of apparent stability, the Japanese government has lined up several measures to help the economy. Among these are a package of measures designed to stimulate business activities in specific industries and geographical areas and promote the nation's overall domestic demand. About three-fourths of the nation's economic growth is powered by increasing exports.

At the same time, the Japanese government has adopted a broad plan to head off any trade friction with major trading partners and boost its economy. The programme envisages increased imports of manufactured goods, additional crude oil purchases, the promotion of technological collaboration with western

Europe and help for depressed domestic industries.

Such economic packages come in time to cushion the impact of an export boom next year as forecasted by the Chase Manhattan Bank. The bank forecasts that Japan will have a trade surplus of US\$2 billion this year and from US\$5 billion to US\$10 billion next year.

The bank attributes the surplus to a "recovery in the world economy, the recent depreciation of the yen against the dollar, and the strong non-price competitiveness of Japan's export products."

Japan's economic growth is expected to surge throughout the rest of the decade. By 1990, according to a private Japanese research body, the Research Institute of

National Economy, per capita income will reach US\$29,100. This would far outstrip the American per capita income.

## SOUTH KOREA

ALTHOUGH it is showing solid signs of recovery, the South Korean economy will still continue to be in the doldrums next year.

According to a study by the semi-official Korea Development Institute (KDI), the nation's balance of payments deficit is expected to worsen this year. In 1980, the payments deficit reached US\$5.3 billion and this year's is estimated at US\$5.5 billion.

However, KDI president Kim Mahn-je said that South Korea cannot afford a payments deficit bigger than US\$4.5 billion next year. To keep deficits at this level next year, he suggested that the nation will first have to achieve US\$25 billion worth of exports against imports of US\$28.2 billion.

A more vigorous export scheme and the prospects of a good agricultural year will do much to aid South Korea's gradual recovery from a disastrous per-

formance in 1980 to about a six per cent growth rate this year.

According to the Chemical Bank Forecast, exports are expected to increase 20 per cent to US\$20.5 billion and imports, 22 per cent to US\$26.5 billion this year.

## BANGLADESH

WHILE Bangladesh has become self-sufficient in its food production, its economy is still generally in a mess. The country would need US\$3 billion to overcome the present economic crisis.

Businessmen blame the country's economic woes on the sudden reining in of credit but without restraining government spending in unproductive sectors.

To complicate the problem, political instability is now jarring the country with the recent assassination of Pres. Ziaur Rahman Al-Rahman.

According to the International Monetary Fund (IMF), the country will have to import US\$2.85 billion worth of merchandise and capital goods just to meet the minimum consumption needs of the people.

The only bright spot in the country's economy is that no commercial food-grain importation is expected with the attainment of food self-sufficiency. When the country's urea plant is expected to come into operation this year, it will save some US\$87 million in foreign exchange by 1982.

To a large extent, Bangladesh's economy will have to function with the continued influx of foreign aid.

## INDIA

INDIA's economic prospects have been aided by a good monsoon, says a Chemical Bank forecast. But the next two years will be difficult as the country tries to stimulate industry, reduce inflation and control its rapidly deteriorating external payments position.

The economy grew by 8 per cent this year, in contrast to a 4.5 per cent decline in 1980. The improved performance was due to a 16 per cent in-

crease in agricultural production.

Industry, however, continues to be hurt by power shortages, transport bottlenecks, labour unrest and shortages of commodities. Labour unrest was especially cited by economists to be the major drag on industrial production.

During the past 18 months, the Indian government has taken numerous measures that will hopefully lead to a more practical, rather than doctrinaire, approach to industry and investment.

Although opposition protests continue to mount, the government of Indira Gandhi is expected to become slightly bolder in taking action to promote stronger economic performance.

## SRI LANKA

BY the end of 1981, Sri Lankan economy shall have grown to about 6 per cent. This is nearly double the average of 2.7 per cent recorded between 1970-1977.

Although the country has experienced increasing economic growth rate since 1977, the deteriorating terms of trade have led to balance of payments difficulties.

One of the main reasons for this situation has been the poor performance of the plantation sector — tea, rubber and coconut. This in turn affected the manufacturing sector since the processing of plantation produce is a large component of manufacturing.

Tea, rubber and coconut have been the tripod which sustained the economy for several decades. But since the 1960s, tea production has been showing a downward trend. However, tea continues to be the major foreign exchange earner for Sri Lanka, earning some 36 per cent of the total.

Unless more aid is forthcoming, it would be impossible for Sri Lanka to complete the development projects now underway. These projects, which have generated a lot of economic activity, will have to be one of the cornerstones for Sri Lanka's future growth. — Depthnews Asia

TABLE I

**ECONOMIC GROWTH RATES \***

(Percentages)

	1980	1981	1982
1. Japan	5.4	4.7	5
2. Thailand	6.3	6.5	6.7
3. Singapore (GDP)	10.2	9	8.5
4. South Korea	5.7	6	8
5. Philippines	4.7	4.5	5
6. Indonesia (GDP)	9.6	8	8
7. Malaysia	8	7	7.5
8. Sri Lanka (GDP)	5.5	5.5	6
9. Bangladesh	7.5	7.2	N.A.
10. India	4.5	7	4.5

**SOURCES:** Bank reports

\* Using Gross National Product, unless otherwise indicated

TABLE II

**INFLATION RATES**

(Percentages)

	1980	1981	1982
1. Indonesia	16	10	9
2. Malaysia	6.7	9	7
3. Philippines	17.5	11	9
4. Thailand	19.7	18	15
5. South Korea	34.6	22	14
6. Singapore	8.5	8.5	7
7. India	17.2	18	12-15
8. Japan	9	5	4
9. Sri Lanka	35	22*	N.A.
10. Bangladesh	13.2	11.2**	12-15

**SOURCES:** Bank reports

\* First six months only, unofficial at 40% for 1981

\*\* First nine months in Dacca

# INCREASE IN ASEAN OIL EXPLORATION ACTIVITY

Kuala Lumpur BUSINESS TIMES in English 9 Dec 81 p 20

[Text]

ASEAN oil exploration activities continued to expand rapidly in the third quarter of this year, underpinned by a record high success rate of offshore oil finds in the region. This augurs well for Singapore's offshore support industry.

The exploration index of Gaffney, Cline and Associates climbed to its highest ever point of 184.0 this quarter from a base of 100 in 1974, the previous peak year for offshore activities in the region.

The index started its ascent early this year from just below 100 points, and reached 165.1 by the second quarter of the year.

At the same time, the success ratio which compares the number of successful wells with the total number of exploration wells drilled, reached an all time high of 36.2 per cent. This means that more than one in three wells drilled proved suc-

cessful, compared with a world average of one in 10.

But while exploration drilling is on the increase, the overall drilling index showed a hair-line drop from 165.2 points in the second quarter to 165.0 three months later.

This indicates that development drilling declined as companies operating rigs in the region switch from development drilling to exploration.

The main reason for the fall in development drilling is historical in that exploration was at a relatively low level between 1977 and 1979.

This being so most of the oil fields discovered during that time have been developed already.

A member of Gaffney, Cline and Associates, an international energy consultant, said it is too early to conclude whether there is a definite trend towards lesser development drilling.

But indications are that it will pick up next year, on the back of successful explorations in 1980 and 1981.

He does not think that the current low level of development drilling has anything to do with the present oil glut worldwide, or with the depletion programmes by countries like Malaysia and Indonesia.

The world oil glut situation in Opec pricing terms, has stabilised, and both Malaysia and Indonesia are in fact encouraging oil companies to step up production he said.

Mr J. David Archer, managing director of Gaffney, Cline and Associates said the increasingly high exploration drilling index fully confirms the continued interest of the international oil industry in exploration of major prospective areas in Asean.

CSO: 4220/551



## ASEAN CONCERN OVER POSSIBLE U.S. ARMS SALES TO CHINA

Kuala Lumpur BUSINESS TIMES in English 27 Nov 81 p 6

[Article by Francis Daniel in Singapore]

[Text] THE United States has been trying, apparently with little success, to convince non-communist South-East Asian countries they have nothing to fear from increasing Sino-American ties, including possible arms sales to China.

The most prominent among the US visitors were former US Secretary of State Dr Henry Kissinger, who played a leading role in Sino-American rapprochement 10 years ago, and Assistant Secretary of State for East Asian and Pacific Affairs John Holdridge.

Both men visited Singapore, Malaysia and Indonesia, all members of Asean, assuring them that the Reagan Administration had no intention of playing the "China card" against their long-term interests.

Asean diplomats said, however, that the verbal assurances provided little comfort for China's neighbours where Peking-backed communist insurgents remained the main destabilising factor.

Despite its avowed friendship with Asean countries, Peking has made clear that its ties with communist underground movements in the area are historical and cannot be totally severed.

Under such circumstances, Asean diplomats said there could be no guarantee that American arms sold to China would not find their way to communist guerrillas to be

used against established governments in the area.

Neither was there any guarantee that China, strengthened with modern US weaponry, would not again take a belligerent posture to impose its communist ideology or others, they added.

They also expressed concern that the US appeared to be ignoring Asean fears in trying to weave a security pattern in Asia with a well-armed China as a centrepiece in a bid to checkmate the Soviet Union and its proxies like Vietnam.

But Dr Kissinger said Asean fears stemmed more from historical experience than from the actual conduct of current Peking policy.

Dr Kissinger stressed China's importance in maintaining a global balance of power. "The US has an interest in the independence and territorial integrity of China even when we do not agree with its ideology," he said.

The main opposition for US arms sales to China comes from Indonesia and Malaysia, although the other Asean countries also appear apprehensive over the American move.

Indonesia, the largest among the Asean members with a population of over 140 million people, suspended relations with Peking in 1967 after accusing China of engineering an abortive communist

coup that led to the deaths of hundreds of thousands of Indonesians.

Malaysia also fought a 12-year battle from 1948 when the Communist Party of Malaya (CPM) launched a full-scale insurrection throughout the country.

The CPM still has hundreds of remnants fighting a guerrilla war along the Malaysian-Thai border.

But Chinese Premier Zhao Ziyang, during a goodwill tour of Asean countries three months ago, openly declared that Peking had stopped its active support for the insurgent movements, confining itself only to moral and political backing.

Dr Kissinger, who described himself as a strong supporter of the Reagan Administration, said any US military equipment sold to China would not be in quantities that would make a decisive difference in the power structure in the region.

The Chinese, preoccupied with their domestic reforms, were not likely to engage in any aggressive moves for the next several decades when Asean would have found greater strength, he said.

Mr Holdridge, who also visited Jakarta, Kuala Lumpur and Singapore immediately after Dr Kissinger's South-East Asian trip, stressed the US would sell only defensive

weapons to China on a case-by-case basis and after consultations with other countries.

Any arms sales to China would take into account Asean sensitivities and would not be part of a continuing security assistance relationship with Peking, he said.

"Both Dr Kissinger and Mr Holdridge were quite forceful in their arguments, but we left no room for doubt that our concern is too deep-rooted to be dismissed lightly," a senior Asean diplomat said.

Singapore Prime Minister Lee Kuan Yew said he viewed the US decision to sell arms to China with disquiet, while Malaysia and Indonesia saw grave dangers in the American move.

"They recognise America's need to balance Soviet influence in East Asia, but they have apprehensions that a well-armed China may become a greater problem for South-East Asia," Mr Lee said just before the visits of the American emissaries.

Malaysian Foreign Minister Tan Sri Ghazalie Shafie was more blunt in warning the US against supplying China with arms.

"If the United States wished to support China in terms of global strategy, by all means do so. But we remind the US, China herself has her own designs which she had not yet given up," Tan Sri Ghazalie said. — *Reporter*

# PIRACY ON INCREASE IN MALACCA STRAITS, SOUTH CHINA SEA

Kuala Lumpur NEW STRAITS TIMES in English 19 Nov 81 p 16

[Article by Roy Farndon]

[Excerpts]

**IN THE world's two worst piracy areas — the South China Sea and the west coast of Africa — raiders have become so daring that they regularly board vessels within harbour-limits. And far out at sea they are using small boats with powerful engines to overhaul and board swiftly moving ships.**

**Victims range from the crews of tankers and container ships to pathetically vulnerable Vietnamese boat-people and to the rich at play on luxury yachts.**

**Three major oil companies — Mobil, Shell and British Petroleum — have issued urgent warnings to their tanker fleets to take special precautions in the channel. Shell's 90,900-tonne "Mammoth Monarch" was boarded there at 12 knots, and money and property stolen.**

This followed attacks on the 21,093-tonne BP tanker "British Beech" and on Mobil's 29,960-tonne tanker "Corsicana," which was boarded by speed-boat pirates as she made for Singapore at 15 knots. The "Corsicana's" crew were held at knifepoint while the ship's safe was raided.

In the second half of 1981, at least 11 Japanese vessels have been raided by pirates. In the space of a dozen days, two vessels from the same company, NYK, were boarded in the Singapore area — the 27,203-tonne container ship "Hakata Maru," attacked in the channel, and a large crude oil tanker.

The attack on the tanker was the most daring of the Japanese series. The 164,516-tonne "Kohnan Maru" was actually boarded within harbour limits by knife-wielding pirates in an early morning raid.

The pirates who boarded the "Mammoth Monarch," the Shell tanker, took US\$8,000 in cash and valuables while a few days before in August some \$30,000 was taken from a container ship, the "Contender Argent."

Masters transiting the Phillip Channel, which is five miles south-west of Singapore, have been advised by shipowners to light up the sterns of vessels and to make

ready firehoses to repel boarders. Indeed, tankers discharging at Singapore now frequently take on armed guards during their approach to the port.

The pirates of the Phillip Channel and the Straits of Malacca are based on the Riau Archipelago: numerous small islands, densely-packed and swampy, providing excellent cover for pirates and smugglers.

With modern fishing longboats or dug-out canoes driven by powerful outboard engines, the pirates can both outstrip the ships at which they sling their grappling hooks, then also escape rapidly either to anonymity inshore or to the vastness of the sea.

Both the Indonesian and Singapore authorities have come under heavy pressure from the world's shipping nations to act against the pirates. Singapore has the greatest economic incentive — its port is the reason for the presence of so many merchant vessels.

But both the channel and the island bases are in Indonesian waters. And the pirates have been frustrating the increased patrols of marine police by moving between national and international waters.

The most consistent and pathetic toll of human life and property around the South China Sea has, however, been among the Vietnamese boat people.

The 20,000 pirates in the area, particularly those working off Thailand, have tortured, raped and murdered their victims as well as stealing their possessions. Up to half the often-ramshackle vessels of the boat people have been attacked before arriving in Thailand, Malaysia and Singapore.

The United States had already played a leading part against Thai pirates, funding a US\$2 million task force. This has been set up under a Thai general, with two planes, a helicopter and radio equipment.

But Thailand says this is insufficient and stronger international action is needed. It urges United Nations' sponsorship of a \$35 million programme including high-speed patrol boats.

PAPER ALLEGES PLANS TO AMEND CONSTITUTION

Dacca THE NEW NATION in English 19 Nov 81 pp 1, 8

[Article by Hasan Saeed]

[Excerpts]

Instructions have been sent to the Ministry of Law and Parliamentary Affairs to get down to the task of finalising the Constitution's seventh amendment allowing the Vice-President to automatically take over as President if the President dies or is incapacitated.

This has been done to prepare the ground for making necessary amendments to the constitution for continuation of the regime of the elected President for the remainder of the presidential term.

In the presidential system in the United States the Vice-President assumes the responsibility of the presidency in case of the death of the President or his being declared incapable of running the administration.

The constitution's seventh amendment was planned immediately after the assassination of President Ziaur Rahman when the country was forced to go

for a costly presidential election. It was however, initially demanded by the rebels inside the ruling party soon after

the Bangladesh Nationalist Party had nominated Justice Sattar to contest the presidential election as its nominee.

The rebels inside the party had been demanding the selection of the party's nominee for the polls through a democratic process in which the party's council would be properly consulted. They had been demanding the consideration of the name of the widow of the late President for the job.

The rebels, heavily outnumbered in the party meeting, later on started demanding the introduction of a system under which the President will have a running-mate during the election. The Acting President is believed to have rejected the idea.

The rebels had also been seeking that the Vice-President be a person of their choice. They are believed to have mentioned the name of the then Agriculture Minister retired Major General Nurul Islam. The Conciliation Committee headed by Prime Minister Shah Azizur Rahman did not agree to

that, but, however, expressed unanimity with the view that the Vice-President should automatically become President if the President died or was incapacitated.

Sources close to the BNP top hierarchy told New Nation that Prime Minister Shah Azizur Rahman was among the strongest contenders for the post.

He would, however, like the constitution to be amended in a manner allowing the Vice-President to continue to remain a member of Parliament. The present constitution does not allow the Vice-President to retain his seat in Parliament.

The name of the widow of the late President is also being mentioned in the BNP circle as a probable one for the job. The rebels will insist on her name if they fail to establish the case of General Islam for the Vice-Presidency.

A large section of the party, would be happy to find Begum Zia in politics to counter Hasina Wajid of the Awami League.

CSO: 4220/7470

EXPORT SHORTAGE, AID DROP DAMAGE ECONOMY

Dacca HOLIDAY in English 13 Dec 81 pp 1, 8

[Article by Hossain Khasru: "Liquidity Crisis: No Signs of Respite"]

[Text] The lingering liquidity crisis on the external front of the economy shows no immediate sign of respite with export earnings falling far short of expectations and disbursements of foreign doles, grants and assistance slowing down in real terms.

Against an original target of 1500 crore taka for 1981-82, the actual export earnings during the first four months of the year (i.e. July-October period, 1981) were recorded at 369.41 crore taka.

Again, the earnings as such had been calculated on the basis of the current adjusted rate of the currency with the taka fast loosing its real worth against the dollar.

With this level of actual performance, the Export Promotion Bureau is reported to have recommended for a downward adjustment of the original export target for the year by about two hundred crore taka when half of the fiscal year is yet to be over.

On the foreign aid disbursement side, the External Resources Division (ERD) has already revised its earlier expectation. It now anticipates the total disbursements for 1981-82 at 1260 million US dollars, down by 160 million dollars over the original projection for the year made by the ERD itself in July last.

The faltering export performance on the one hand and the shortfall in external aid disbursements in real terms on the other, have thus led to a worsening economic situation in the country on an ever-increasing scale.

The foreign exchange reserves are evidently under steady pressure. The reserves stood at about 12 crore US dollars at the end of last month. The issuance of import licences against cash has thus deliberately been kept at a minimum level in view of the tight liquidity position on the external front of the economy.

Trading circles have felt that the limited operations in the import sector against cash foreign exchange over the first five months of the current shipping year would adversely affect the overall economic performance.

The government has borrowed over three hundred crore taka on short term basis from private foreign banks since July last to overcome severe external financial strains. The loans carry an interest rate of 19 percent on an average.

According to an estimate, the total interest on such funds borrowed so far would amount of twenty crore taka for a period of four to six months only.

Meanwhile, the issue of suspended SDR credits from the International Monetary Fund (IMF) will remain unresolved at least until January end next year, according to available indications.

Bangladesh signed an agreement with the IMF in December last year for an SDR of 800 million (equivalent to one billion US dollars) under the Fund's Extended Fund Facility (EFF) for disbursement to the country over a three-year period.

After a disbursement of two hundred million SDR in 1980-81, the IMF had suspended further disbursement of fund under the agreement to the country for non-fulfillment of usual IMF conditionalities by the latter.

#### Appraisal

The IMF conditionalities relate to the issues like governmental recourse to deficit financing, steady rise in non-productive current expenditures, subsidized food rationing distribution system in the urban areas, supply of fertilizer at the farmers, level below the actual costs, in effective pricing of utility services, lack of discipline in credit programming, slackening export performance and so on.

The government functionaries discussed the issues threadbare with the IMF appraisal team which left the country December 8 after completing a two-week fact-finding mission. The visit of the IMF team had been on the heels of another team from the Fund in July last on the basis of whose findings the release of any SDR under the earlier EFF agreement had been withheld by the IMF authorities.

The outcome of the just-completed appraisal of the concrete economic situation in the country by the IMF team would be known only when the executive board of the Fund meets to consider the report of the team.

Until then, the restrictions of EFF from the Fund for meeting the country's balance of payments gap would remain operative.

Besides pleading strongly for the immediate withdrawal of restrictions on SDR operations under the EFF, the Bangladesh authorities have pressed for extension of 75 million US dollars from the Fund under its Compensatory Financing Facilities (CFF) which are given to member countries to help meet their export earnings' gap.



According to a reliable source, the IMF appraisal team was learnt to have been favourably disposed toward allowing Bangladesh to enjoy CFF from the Fund to the extent of fifty million US dollars.

However, the final decision on the CFF would again depend on the approval by the authorities in the IMF headquarters.

#### Dotted Lines

In its desperate bid to get the withdrawal of restrictions on SDR under EFF and the extension of CFF from the Fund, the government has already taken up a number of measures to improve its credentials with the IMF along the dotted lines.

The ration prices of foodgrains have been raised and the ratio quota adjusted downward to involve lesser quantum of subsidies for the maintenance of the public distribution system.

Earlier, the prices of fertilizer have been enhanced to the extent of 18 to 28 percent, depending on different brands of fertilizers.

The prices of diesel were also raised by one taka per gallon by the Bangladesh Agricultural Development Corporation (BADC) for irrigation purposes sometime in the third week of last month.

The government has however enhanced the prices for procurement of foodgrains from the farmers by a marginal amount to 'provide price support to the farmers in view of present adverse climatic conditions and increased cost of production.'

The recent wave of official price increase has not however been kept confined to only ration goods, fertilizer and diesel alone. The nationalized Textile Mills Corporation has effected a rise in the price of certain grades of yarn produced in its units.

Similar price hike in the case of textile products is also being contemplated. Yarn and textile products apart, the price of white paper produced in the nationalized sector was enhanced earlier by about twenty percent.

CSO: 4220/7561

JAPANESE AID CHIEF PLEDGES CLOSE COOPERATION

Dacca THE BANGLADESH OBSERVER in English 13 Dec 81 pp 1, 12

[Text] Japan has pledged to continue close cooperation in economic and other fields with Bangladesh reports BSS.

The commitment was given by the President of Japanese aid giving organization OECF Mr Takashi Hosomi when he called on President Abdus Sattar at Bangabhavan on Saturday evening.

Mr Hosomi said that Japan is the largest bilateral donor to Bangladesh and it will continue its endeavour to further enlarge the cooperation. He said Japan is committed to double her contribution-ODA (Official Development Assistance) by 1985.

The OECF chief heartily congratulated President Sattar for his landslide victory in last month's election and hoped that under his able leadership the relations between the two Asian countries will develop further.

Reciprocating President Sattar wished the Japanese Prime Minister Mr Zenko Suzuki and the people of Japan continued prosperity and expressed the hope that the relation between the two countries will continue to grow under the able guidance of Mr Suzuki to the mutual benefit of the two peoples.

The Finance Minister Mr Saifur Rahman and the Japanese Ambassador to Bangladesh were also present on the occasion.

Another report says Mr Takashi Hosomi called on Finance Minister Mr M. Saifur Rahman at the latter's office on Saturday morning.

During the meeting Mr Hosomi thanked the Minister for the sincere courtesy and hospitality shown to him during his short visit to Bangladesh.

They discussed the current and future Japanese aid programmes in Bangladesh.

Earlier Mr Takashi Hosomi called on Kazi Anwarul Huq, Minister for Energy. During the meeting, they exchanged views on Japanese aid programme in Bangladesh on power and energy sector. The Minister apprised the OECF President about our development programmes including some problems being faced in this sector. The OECF President assured of continued Japanese cooperation in the power and energy sector in Bangladesh.



# REPATRIATED TRIBALS REPORT POOR TREATMENT IN INDIA

Dacca THE NEW NATION in English 12 Dec 81 pp 1, 8

[Text]

**RANGAMATI, Dec. 11:** The tribal leaders who were repatriated recently along with their followers from the Indian state of Tripura said they suffered from various diseases and at least 200 of their kith and kin died in the impoverished refugee camps, across the border.

Among the leaders were Mr. Nagendra Tipra, Chairman of Guimara Union Parishad and 12 tribal headmen including Msung Basal Chowdhury of Dhalrya mouza and Manomohan Chakma of Barabool mouza.

They told this correspondent that immediately after the tribals crossed over to India they were whisked off to camps which seemed to have been set up earlier.

There were six camps in all where they languished on most meagre sustenance. Soon the refugees were taken over by diseases—malnutrition, malaria and stomach ailments. At least two hundred of them died in the camps during the four months from June, the tribal leaders said.

Asked about the reason for fleeing home, the tribal leaders said the so-called Shanti Bahini compelled them to leave the country under harassment and

threats. Those who left were mostly from areas within ten miles of the border and belonging to the tribes of Tipras, Chakmas and Marmas.

The tribal leaders said realising that its objective will never be achieved the Shanti Bahini wanted to internationalise its issue of autonomy by causing exodus of tribal people to India. The Shanti Bahini choose the time to hit up the plan following the assassination of President Ziaur Rahman. Backed by external support it stepped up attacks on the innocent people by burning houses and looting. Thus doing the Shanti Bahini created panic among the tribal people by telling them that non-tribals would retaliate upon them (shanti Bahini) and in the process tribals will be killed en masse. They suggested the inhabitants to cross the border immediately if they wanted to save their life. Apprehending an imminent conflict they fled home with family, the tribal leader said.

They further said, on return the District Administration made arrangements to reach them home. They are being given ration for three months besides cash grants for rehabilitation,

## BANGLADESH

### WORLD FOOD PROGRAM TO GRANT MORE ASSISTANCE

Dacca THE BANGLADESH OBSERVER in English 12 Dec 81 p 1

[Text] A food assistance worth 54 million US dollars (approximately 106 crore taka) will be provided to Bangladesh by World Food Programme (WFP) under a plan of operations signed between the two sides in Dacca on Friday, reports BSS.

The food assistance will include 161.136 metric tons of wheat 9.909 metric tons of soy fortified sorghum grits, 1,296 metric tons of vegetable oil and 2,592 metric tons of pulses, a WFP Press release said.

The WFP will provide the assistance as its continued support to the government's vulnerable group feeding programme for the next three years.

Under its vulnerable group feeding projects the government will help 5 lakh severely distressed and nutritionally vulnerable mothers and children, giving preference to expectant and nursing mothers.

The project aims at alleviating any deteriorating nutritional condition amongst the groups and initiating a process of rehabilitation combining food assistance with health care, skill training, adult literacy and in applicable areas of community activities.

The project will also assist in supplying supplementary cooked meals to 60,000 women and children in training centres and to inmates of government orphanages and government recognised orphanages.

The operation brings the level of WFP's current assistance to Bangladesh to 188 million dollars.

Mr Mohammad Ali, Joint Secretary External Resources Division and Mr A. Dawson, Director of Evaluation of WFP signed the plan of operation on behalf of their respective side.

CSO: 4220/7557

REPORTAGE ON VISIT OF DPRK OFFICIALS TO DACCA

Premier's Arrival, Other Activities

Dacca THE BANGLADESH OBSERVER in English 11 Dec 81 pp 1, 12

[Text] Prime Minister of Democratic Republic of Korea Mr Li Jong Ok on Thursday expressed confidence that his visit to Bangladesh would make great contributions to strengthening the friendly relations and cooperation between the governments and peoples of the two countries, reports BSS.

Mr Li said in an airport statement that the peoples of Bangladesh and DPRK were struggling to oppose imperialism and all other forms of domination and interferences and to build a new prosperous Asia.

The DPRK Prime Minister said that the Korea and Bangladesh were both Non-Aligned countries situated in Asia and "the two peoples have formed the close ties of friendship on the basis of the commonness of their past position and today's endeavours for maintaining independence."

Mr Li expressed gratitude to government and people of Bangladesh for the cordial reception to him. He also conveyed the greetings of the Korean people to the people of Bangladesh.

He said that he was pleased to pay a visit to Bangladesh which enabled him to witness the successes achieved by the people of Bangladesh under the leadership of President Justice Abdus Sattar in their struggle for consolidating the national independence and building a new society.

Mr Li in his statement said, "upholding the programmatic tasks set forth by the great leader Comrade Kim Il Sung at the 6th congress of the workers party of Korea, the Korean people now waging vigorous struggle to model the whole society on the Juche idea and realize the new national reunification proposal on founding the democratic confederal republic of Korea by the united efforts of the North and the South, following the wise leadership of the dear leader Comrade Kim Jong Il."

He expressed thanks to the government and people of Bangladesh for their support and solidarity to the just cause of the Korean people.

Earlier, Prime Minister of the Democratic Republic of Korea, Mr Li Jong Ok arrived in Dacca on Thursday morning on a three-day official visit to Bangladesh.

Mr Li who is leading a 21-member delegation was warmly received at the airport by Prime Minister Shah Azizur Rahman and Foreign Minister Prof. M. Shamsul Huq.

The DPRK Prime Minister was given a red carpet reception at the airport which included a guard of honour by a contingent of three services.

A special plane carrying Mr Li and members of the entourage landed at the Zia International airport at 10:20 am.

The presentation line included Minister for Agriculture, Dr Fasiuddin Mahtab, Minister for Works, Mr Abul Hasnat and Minister of State for Industries, Mr Mohibul Hasan, heads of diplomatic missions and members of staff of DPRK Embassy in Dacca.

From the airport, Mr Li accompanied by his host Shah Azizur Rahman drove in a ceremonial motorcade to Sonargoan Hotel where he would stay during the visit.

Mr Li Jong Ok was accompanied by Mr So Gwan Hi, Vice-Premier and Chairman of Agriculture Commission, Mr Chong Song Nam, Chairman of Commission for Economic Relations with Foreign Countries, Mr Cho Gyu Il, Deputy Foreign Minister and Mr Li Song Rok, Deputy Minister of Foreign Trade.

The DPRK Ambassador in Bangladesh, Mr Jong Tae Gun, and senior officials of the Bangladesh Foreign Ministry were also present at the airport to greet Mr Li.

#### Dinner for DPRK Premier

Dacca THE BANGLADESH OBSERVER in English 11 Dec 81 pp 1, 12

[Text] Prime Minister Shah Azizur Rahman on Thursday reiterated Bangladesh's total commitment to world peace and said "We have been in the mainstream of all international movements" which were committed to peace progress and stability, reports BSS.

Hosting a dinner in honour of the visiting Prime Minister of DPRK, Mr Li Jong Ok, at a city hotel on Thursday night, Shah Aziz also said that Bangladesh had always been uncompromising in upholding the principles of justice and fairplay. It is for this reason he said, "We have spoken out" against the bankruptcy of the old world economic order and had been an ardent advocate for the cause of the developing Third World.

Shah Aziz referred to Bangladesh's close association with the United Nations and its different agencies, the Non-Aligned Movement, the Islamic Conference and the Commonwealth.

Bangladesh's foreign policy objectives he said, remained the consolidation of the independence of the country, safeguarding sovereignty and territorial integrity, building up friendship with other countries on the basis of sovereign equality, noninterference in the internal affairs of other countries and co-operation with others states in accelerating the pace of economic and social development.

Shah Aziz said that Bangladesh's perpetual quest for peace had led the late President Ziaur Rahman to a vision of regional cooperation in South Asia. His (the late President's) dedicated and untiring efforts towards this end had borne fruit, he said adding that the proposed Association of South Asian Nations proposed by Bangladesh was slowly taking shape. He expressed the hope that the proposed regional cooperation would promote understanding, friendship and amity amongst the peoples of the region.

Referring to bilateral relations, the Prime Minister pointed out that the developing bonds between the two peoples had made visible progress over the recent years through exchange of visits at various levels. He expressed the hope that the current visit of Mr Li to Bangladesh would greatly strengthen the friendly ties between the two countries and would provide a firm foundation to further expand the mutual cooperation.

Shah Azizur Rahman expressed Bangladesh's sincere admiration for the tremendous achievements of the DPRK under the able and dynamic leadership of President Kim Il Sung. He wished the people of Korea continued peace, progress and prosperity in all their development activities.

The dinner was attended, among others, by Speaker Mirza Golam Hafiz, Foreign Minister Prof. Shamsul Huq, Finance Minister Mr Saifur Rahman, Agriculture Minister Dr Fasihuddin Mahtab Works Minister, Mr Abul Hasnat and Dean of Diplomatic Corp. Mr Iosif Chivu.

The visiting DPRK Prime Minister, Mr Li Jong Ok, said that as Non-Aligned nations both Bangladesh and his country were striving for peace and stability, sovereignty and independence of Asia.

Our two peoples, he said, are interlinked with close ties of friendship for the commonness of the past historical position and identity of the today's goals of struggle for building a new independent and prosperous society.

Mr Li, who arrived here earlier today on a three-day official visit to Bangladesh was speaking at a dinner hosted in his honour by Prime Minister Shah Azizur Rahman.

The DPRK Premier said that the friendship between Korea and Bangladesh was all the more precious and solid as, he noted, it was provided and fostered personally by President Kim Il Sung and the late President Ziaur Rahman.

He noted with satisfaction that the relations of friendship between the two countries would "continue to grow healthily." The Korean people, he observed, were proud of having Bangladesh people as their intimate friends in Asia and follow with deep interest the struggle of Bangladesh people for the independent development of the country and creation of a new life.

Premier Li referred to the victory of the ruling party BNP and its candidate Justice Abdus Sattar in last month's presidential election and said this vividly showed the steadfast determination of the people to build an independent, peaceful and prosperous new Bangladesh. He congratulated the BNP for its success and wished the people of Bangladesh greater successes in their future struggle.



Referring to the move reunification of the two Koreas, the DPRK Prime Minister said that the new proposal and policy on reunification laid down by President Kim Il Sung had enjoyed warm welcome and great sympathy among the peoples of the world. He said although the struggle of the Korean people for the national reunification was still arduous, yet, they would surely achieve the historic cause of the national reunification under the support and encouragement of peaceloving peoples of the world including those of Bangladesh.

Prime Minister Shah Azizur Rahman has been invited to visit the Democratic Peoples Republic of Korea at a mutually convenient time.

The invitation was extended by the DPRK Premier, Mr Li Jong Ok, when the Bangladesh Prime Minister called on him on Thursday evening at his hotel suite.

During the meeting, the two Prime Ministers also discussed matters of bilateral interests.

#### Accord, 11 December Activities

Dacca THE BANGLADESH OBSERVER in English 12 Dec 81 pp 1, 12

[Text] Bangladesh and the Democratic People's Republic of Korea (DPRK) signed in Dacca on Friday an agreement to set up a Joint Agricultural Commission, reports BSS.

The agreement was signed at the State Guest House Friday afternoon by the DPRK Vice-Premier Mr So Gwan Hi and the Bangladesh Minister for Agriculture and Forest, Dr Fasihuddin Mahtab.

Mr So Gwan Hi who is also Chairman of the Agricultural Commission of DPRK, is a member of the entourage of the visiting Prime Minister, Mr Li Jong Ok.

The agreement was aimed at further strengthening and developing the existing relations of friendship and cooperation between the two countries particularly in the field of agriculture. It provided for mutual exchange of information in agricultural sector and also exchange of seeds for agricultural development of the two countries.

According to official sources, the DPRK Government had decided to offer 30 tractor-pumps to Bangladesh as a gift. The decision was conveyed to Bangladesh side by the visiting DPRK delegation led by Prime Minister Li Jong Ok.

Earlier in the morning, Premier Li Jong Ok accompanied by members of his entourage visited the Bangladesh Rice Research Institute (BRRI) at Joydevpur.

Agriculture Minister Dr Fasihuddin Mahtab received the visiting Prime Minister at the BRRI. Premier Li was taken round different sections of the institute and was explained the activities and development programmes of the institute.

#### Cooperation To Grow

Formal talks between Democratic People's Republic of Korea (DPRK) and Bangladesh was held in Dacca Friday morning with both sides exchanging views on

bilateral and regional matters for widening the areas of cooperation between the two countries.

The talks continued for over one and a half hours during which the visiting DPRK Prime Minister Mr Li Jong Ok and Bangladesh Prime Minister Shah Azizur Rahman led their respective delegations.

An official source later said that during the talks the two sides also discussed the general framework of cooperation between Bangladesh and DPRK on the field of agriculture.

Prime Minister Shah Azizur Rahman was aided at the talks by Foreign Minister Prof. M. Shamsul Huq, Finance Minister Mr M. Saifur Rahman and Agriculture Minister, Dr Fashiuddin Mahtab. The Bangladesh delegation also included Foreign Trade Secretary Syed Amir Khasru, Sports and Cultural Affairs Secretary Mr Hedayet Ahmed, Additional Foreign Secretary Mr Ataul Karim and Additional Secretary in charge of Planning Division Mr Imamuddin Ahmed Chowdhury.

The DPRK delegation included Vice-Premier and Chairman of Agriculture Commission Mr So Gwan Hi, Chairman of Commission for Economic Affairs with Foreign Countries Mr Chong Song Nam, Deputy Minister of Foreign Trade Mr Li Song Rok, Ambassador at large Mr An Gyong Ryon, Deputy Foreign Minister Mr Cho Gyu Il and DPRK Ambassador in Bangladesh Mr Chong Tae Gun.

Official level talks between the two sides are continuing to follow up the discussion held at the formal talks, the sources said.

#### Farm Commission Meets

Dacca THE BANGLADESH TIMES in English 14 Dec 81 p 8

[Text] The first meeting of the Joint Agricultural Commission of Bangladesh and Democratic People's Republic of Korea was held on Sunday in a cordial atmosphere at a bungalow in the Bhawal National Park 30 miles off Dacca, reports BSS.

The Joint Agricultural Commission was formed on December 11 under an agreement signed between the two countries.

The Bangladesh side was led by Minister for Agriculture and Forest Dr Fasihuddin Mahtab and the DPRK side was led by Vice-Premier and Chairman of the Agriculture Commission Mr So Gwan Hi in the meeting.

In the meeting the delegations of the two countries exchanged views on the different agricultural subjects with special emphasis on the exchange of information and collaboration in the fields of irrigation horticulture, handicrafts and cooperatives.

Both the sides felt the need for exchange of visits of their scientists, experts and agriculturists between the two countries for the promotion of cooperation in the fields of agriculture and other related subjects.

After the meeting the DPRK Vice Premier Mr So Gwan Hi assured his government's support for the development and promotion of agricultural sector in Bangladesh, Mr Hi extended invitation to Dr Fasihuddin Fahtab to visit DPRK in the middle of next year.

#### DPRK Vice Premier Departs

Dacca THE BANGLADESH OBSERVER in English 19 Dec 81 pp 1, 12

[Text] Mr So Gwan Hi Deputy Prime Minister of the DPRK concluded his week-long visit to Bangladesh saying that the visit was "very successful and beneficial for both countries" reports BSS.

Addressing a press conference on the eve of his departure for home Mr So who is also Chairman of the Agricultural Commission said that both Bangladesh and DPRK were trying to further develop the friendly and cooperative relations.

The Deputy Premier referred to his talks with Bangladesh Agriculture Minister and others during the visit and said that both sides exchanged "views in an open-hearted way and found realistic possibilities for strengthening agricultural cooperation and reached agreement of opinion on the matters discussed."

He said that they particularly exchanged views on developing cooperation and interchange in the field of rice cultivation irrigation, sericulture and sweet water fish breeding and on exchanging information of advanced farming method and technological data including exchange of specialists, technicians and delegations.

Referring to the agreement signed on December 11 for setting up joint agricultural commission between the two countries the Deputy Premier said that the ways and means for implementing the agreement would be further concretized in future.

The DPRK Deputy Premier said that the 30 "Chollima" tractor pumps given as gift by President Kim Il Sung to President Abdus Sattar would be shipped to Bangladesh as early as possible. He also said that his country was prepared to train 10 to 15 Bangladeshi agro-technicians in DPRK at anytime.

Replying to a question Mr So said that during his stay he had also visited some industrial projects including jute mills there also exist "wide possibilities" for cooperation between the two countries in industrial field. He said adding that he had extended an invitation to Deputy Prime Minister of Bangladesh to pay a visit to DPRK so that both sides can discuss more in promoting cooperation in industrial field.

Mr So said that both Bangladesh and DPRK were following an independent policy and struggling on the same front against foreign interference and for peace and security in Asia. Countries are also working for strengthening and developing the non-aligned movement he said adding that situated on the Asian continent Bangladesh and DPRK were exerting efforts to build a new society. He expressed satisfaction at the growing friendly and cooperative relations between the two countries forged by President Kim Il Sung and late President Ziaur Rahman.



# AWAMI LEAGUE LEADERS DISAGREE ON MAJOR ISSUES

Dacca THE BANGLADESH OBSERVER in English 11 Dec 81 pp 1, 12

[Text] The extended meeting of the Awami League (Hasina) working committee continued till late Thursday night for the fourth consecutive day to evaluate the post-election situation and the result of the presidential election. The meeting was scheduled to conclude on Thursday.

A party source told OBSERVER that the leadership was sharply divided in pin pointing the causes of Awami League's failure in the election. One faction of the party is of the opinion that Awami League's (H) organisational weakness at the village level had failed to face the Gram Sarker, Village Defence Party and Youth Complex of the ruling BNP. Another group, mostly moderates, held the view that undue emphasis on BAKSAL by the leaders had annoyed the voters. They suggested emphasis on BAKSAL should be minimised and the programmes of Awami League should be highlighted.

Left-wingers within the party vehemently opposed the idea of implementing BAKSAL in phases. They said that BAKSAL should be the only programme for the party even if it takes a long time to go to power. This group also pinpoint U.S. imperialism as the enemy of the people. Party presidential nominee in the last election Dr Kamal Hussain is learnt to have faced severe criticism for upbraiding all types of imperialism including social imperialism in his election manifesto. The election manifesto was not endorsed by the party central committee.

Party chief Sheikh Hasina is now in a dilemma. She is being convinced that her father was toppled by the American imperialism. But due to her leaning towards Dr Kamal Hussain she has preferred to remain silent on this issue. Hasina is also emotionally attached to the idea of BAKSAL introduced by her father which she has been emphasising publicly. This is not liked by Dr Kamal Hossain and his group. The faction led by Abdur Razzak have a firm grip on most of the district Presidents and General Secretaries.

It is learnt that this faction dominated the meeting. To sell the BAKSAL idea and to pinpoint American imperialism responsible for Sheikh Mujib's killing the Razzak group sponsored a pre-emptive statement by Bangobandhu Parishad which also made out a similar case and asked the party rank and file to uphold the idea of BAKSAL and to condemn the US imperialism.

The Razzak faction claims that Hasina shall have to side with them if she is to survive within the party. But a source within the party said that Sheikh Hasina with her charisma can take any decision and the Razzak faction cannot do any harm to the party.

The left-leaning faction feel that if Sheikh Hasina, Dr Kamal Hossain and other leaders of the faction meet the workers at district and thana levels the left-leaning faction would lose its grip on party workers.

The party chief Sheikh Hasina is now under severe pressure to patch up the differences between the two factions of the Chhatra League party's student wing. She has given her approval to Chhatra League Jalal-Jahangir faction and in the extended committee meeting it was observed by the district leaders that the division of the Students League had badly hampered the election campaign and was weakening the strength of the party everywhere. They strongly pleaded for resolving this issue. Some of the leaders, mostly belonging to the left-leaning faction suggested for calling the Chhatra League Subject Committee again and to ask them to elect a new committee. It is learnt that the left-Leaning faction of Awami League has the majority in the subject committee and Sheikh Hasina is now faced with a very delicate situation.

The senior Awami League leaders who were the close aides of Sheikh Majibur Rahman felt ignored in the last election and they have little say in the party affairs. This also came up in the evaluation in the extended meeting. An influential Awami League source told this correspondent that the meeting had failed to narrow down the differences in the party. Rather it had widened further which is likely to surface soon.

CSO: 4220/7557

PRESIDENT SATTAR SPEAKS AT NAVY DAY PARADE

Dacca THE BANGLADESH OBSERVER in English 11 Dec 81 p 1

[Text] Chittagong, Dec. 10--President Mr Justice Abdus Sattar today underscored the need for growing the Bangladesh Navy as a disciplined well organised and efficient defence force through hard work training and exercise.

The President was speaking at the Navy Day parade and presentation of President's Colour to Bangladesh Navy Flotilla at BNS Issa Khan Base this morning.

The ceremony was attended, among others, by Food Minister Mr Abdul Momen Khan, Posts T and T and Civil Aviation Minister Mr Moyeedul Islam Deputy Speaker Mr Sultan Ahmed, Deputy Minister Mrs Quamrunnahr Iafar, Chief of Army Staff Lt. Gen. H. M. Ershad, Chief of Air Staff Air Commodore Sultan Ahmed, members of Parliament members of diplomatic corps, and high civil and military officials.

Earlier, President Sattar was received by the Chief of Naval Staff Rear Admiral M. A. Khan at Patenga Airport.

Justice Sattar expressed his firm confidence that the Bangladesh Navy is capable enough to defend our territorial waters from any outside aggression.

The President said that the Bangladesh Navy can also play a significant role to bring about economic prosperity of the country by protecting preserving and exploring fish and other marine resources, because, he said the country is remarkably bordered by sea water.

Paying compliment to the defence forces, the President said that the armed forces, being loyal to the Constitution and the constitutional government earned love and confidence of the people of all walks of life. The defence forces would play their due role in protecting and safeguarding the sovereignty and independence of the country, he added.

Justice Abdus Sattar asked the defence personnel to take maximum care and attention in utilisation of weapons and machines which were procured by hard-earned foreign exchange.

The President noted with satisfaction that Bangladesh Navy has been repairing its ships through own resources and expertise in order to achieve self-reliance. In this connection he recalled the keen interest of the late President Ziaur Rahman in building up defence force in solid footing.

Justice Sattar emphasised the need for production of indigenous equipment by utilising internal resources and manpower to achieve self-reliance. The President was pleased to note that the Bangladesh Navy henceforth would repair its ships in their own floating dock.

The President accompanied by the Chief of Naval Staff reviewed the Navy Day parade and took the salute of smartly turned out contingent of Bangladesh Navy. The Navy brass band played national anthem during the salute.

President Justice Abdus Sattar presented colour to the Bangladesh Navy Flotilla on this occasion. In return the Chief of Naval Staff Rear Admiral M.A. Khan presented a Flotilla crest to the President.

Later the President boarded BNFD Sundarban (floating dock) and reviewed B.N. Flotilla.

BSS adds: President Sattar expressed the hope that the Bangladesh Navy would be able to prove its worthiness as an efficient defence force side by side with the army and the air force.

The President exhorted the Naval personnel to make their motto "In peace and war invincible at sea" meaningful through their work.

M. A. Khan

Addressing the parade Rear Admiral M. A. Khan said that Bangladesh Navy had taken up a plan for setting up a full fledged academy to attain self-reliance in respect of imparting training to its personnel.

He said "We are determined to make best uses of the hard earned public money through our labour, dedication and sacrifices."

Rear Admiral Khan referred to the repair of smaller ships by Naval engineers and said, the engineers of the Navy has also repaired a frigate to prove their efficiency.

Terming Bangladesh Navy as a vigilant guard of "our national independence and sovereignty." Admiral Khan said, the Naval personnel are prepared to sacrifice themselves in hours of need.

CSO: 4220/7557

BREZHNEV'S BIRTHDAY CELEBRATED IN DACCA

Soviet Embassy Event

Dacca THE BANGLADESH OBSERVER in English 20 Dec 81 p 1

[Text] Mr Abul Hasnat, Minister for Works and Urban Development said in Dacca on Saturday that Bangladesh and Soviet Union have always maintained good bilateral relations, which he hoped would continue to be strengthened, reports BSS.

Mr Hasnat was speaking as chief guest at a function organised by the Embassy of USSR at its Cultural Centre in observance of 75th birth anniversary of President Leonid Ilyich Brezhnev of Soviet Union.

President Brezhnev has been at the helm of Soviet government for last 17 years and has proved himself to be a leader of outstanding political acumen, Mr Hasnat said.

Expressing satisfaction at the Soviet assistance to development efforts of Bangladesh he said the General Electric Manufacturing Plant at Chittagong and Ghorasal Thermal Power Station were "good examples" of economic cooperation between the two countries.

The last barter trade protocol between the two countries envisages an increase of 33 percent in exchange of goods between them, he said.

Stressing the need for world peace Mr Hasnat said present armaments race posed a very serious threat to international peace and security.

Mr Hasnat said the precious resources being diverted by the arms race could be used for the development of the Third World countries.

Peace in our societies and the world at large, he said is indivisible and can be achieved only when every human being is guaranteed the right to an acceptable quality of life.

Presided over by poet Suna Kamal, President, Bangladesh USSR Friendship Society, the function was also addressed by Soviet Ambassador Mr V. P. Stepanov, Pir Habibur Rahman General Secretary NAP (Muzaffar), Mr Mohammad Farhad, General Secretary, CPB and Mr Ali Aksad, General Secretary, Bangladesh Peace Council.

Bangladesh, Mr Hasnat said, is firmly committed to the objectives of total disarmament banning of all nuclear weapons and establishment of a new international economic order. Bangladesh views with great concern and alarm the growing arms race, Mr Hasnat said.

It is therefore a matter of gratification to us, he said, that President Brezhnev is also firmly committed to the objectives of world disarmament, banning of nuclear weapons and waging a war on hunger and want.

#### Sattar Message to Brezhnev

Dacca THE BANGLADESH OBSERVER in English 20 Dec 81 p 1

[Text] President Justice Abdus Sattar has sent a message of felicitations to Mr Leonid Ilyich Brezhnev, President of the Supreme Soviet of the USSR, on the occasion of his 75th birthday anniversary, reports BSS.

In his message, President Sattar wished President Brezhnev good health, long life and happiness and expressed confidence that the friendly relations happily existing between the two countries would be further strengthened in the year to come.

CSO: 4220/7562



BRIEFS

**NEW CABINET MEMBER**--The status of the Deputy Speaker of the Jatiya Sangsad (Parliament) has been elevated to that of a Minister. The Deputy Speaker was enjoying the status of State Minister. This has been done by promulgating an ordinance "the Speaker and Deputy Speaker (Remuneration and Privileges Amendment) Ordinance, 1981" on December 4 last. The amendment of the Section 4, Act XLVIII of 1974 reads as follows: in the Speaker and Deputy Speaker (Remuneration and Privileges) Act, 1974 in Section 4 for the words "respectively to a Minister and a Minister of State" the word "to a Minister" shall be substituted. The ordinance was published in the BANGLADESH GAZETTE on December 4, 1981. [Text] [Dacca THE BANGLADESH OBSERVER in English 19 Dec 81 p 12]

**GOVERNMENT ECONOMIC COMMITTEE**--The government has constituted a six member national committee with the President as Chairman to deal expeditiously with some fundamental issues relating to industrial production import and fiscal co-ordination, according to a PID handout, reports BSS. The members of the committee include the Vice-President, the Deputy Prime Minister in charge of Industries, the Minister in Charge of Finance and the Minister in Charge of Commerce. [Text] [Dacca THE BANGLADESH OBSERVER in English 12 Dec 81 p 1]

**DANISH LOAN ACCORD**--Bangladesh and Denmark on Saturday signed agreed minutes relating to Danish financial assistance to Bangladesh within the framework of 7th Danish loan agreement now being negotiated between two countries, reports BSS. The 7th loan agreement envisages an amount of 130-150 million Danish kroner (about Taka 39 to 45 crore) to be used mainly in manufacturing, transport and agricultural sectors. Mr M. Mohiuddin, Section Chief, External Resources Division and Mr Enro Olsen leader of the visiting Danish delegation and head of department, Danish International Development Agency (CANIDA) signed the agreed minutes on behalf of their respective governments. [Text] [Dacca THE BANGLADESH TIMES in English 20 Dec 81 p 12]

**ASIAN DEVELOPMENT BANK LOAN**--The Manila-based Asian Development Bank (ADB) today approved a 72 million dollar loan to Bangladesh for its urea fertilizer project, the Bank said. The loan is for 40 years, including a grace period of 10 years, and carries a service charge of one percent per annum, the ADB said. The loan will finance the foreign exchange cost of the project estimated to cost about 467 million dollars, comprising of 290 million dollars in foreign exchange and 177 million dollars in local currency costs, the bank said. It said the project is expected to produce about 561 metric tons of urea every year and will enable Bangladesh to achieve self sufficiency in urea fertilizer and to export the surplus. [Text] [Dacca THE NEW NATION in English 18 Nov 81 pp 1, 8]

## NE WIN'S INFLUENCE EVIDENT IN LEADERSHIP CHANGES

Kuala Lumpur BUSINESS TIMES in English 17 Nov 81 p 6

[Article by Zaw Win in Rangoon]

[Text]

BURMA'S new President San Yu, handpicked by the country's strongman Ne Win, heads a government which appears designed to ensure continuity of the country's socialist and non-aligned policies.

In naming 63-year-old San Yu as his successor, General Ne Win has not only rewarded a loyal protegee but has also upheld the chain of command he established during nearly 20 years in power.

San Yu, a former Chief of Staff, Defence Minister, Finance Minister, was a member of Ne Win's Revolutionary Council when he took power in a military coup in 1962 and was seen by Burmese as the obvious successor.

After years of understudying the job, he simply inherited the mantle of his mentor.

General Ne Win, 91, has stepped down from the presidency but remains chairman of the ruling Burma Socialist Programme Party (BSPP), the instrument he established to turn Burma into a socialist and non-aligned state.

In this position, he is expected to retain his pervading control and

oversee government policies.

General Ne Win told the last BSPP congress in August that he was retiring from the presidency because of his age and the need to establish a smooth transition of power when he died.

The government changes, announced recently, show all the hallmarks of Ne Win's influence. He has rewarded faithful colleagues and established the equivalent of a collective leadership where no one official can dominate the other.

The changes took place after a general election last month when Burmese voted for candidates nominated by the BSPP and approved by Ne Win in the Peoples Congress or Parliament.

The 475-member congress met for the first time last week to elect an all-powerful Council of State and Cabinet.

The chairman of the Council of State automatically becomes the president of Burma and San Yu was elected to the post.

Ne Win's determination to ensure stability and to institutionalise an

orderly chain of command was shown recently when a key figure in the ruling hierarchy, third-ranking Thaung Kyi, general secretary of the BSPP, died suddenly of a heart attack.

The BSPP Central Executive Committee, or Politburo, headed by Ne Win, met the same day and appointed another Ne Win loyalist, joint general secretary Aye Ka, 66, to the vacant post.

Aye Ka, like San Yu a former army chief of staff, also became secretary of the new state council in last week's parliamentary voting.

San Yu had held both these posts simultaneously for the past eight years.

A further manifestation of Ne Win's desire for continuity was the appointment for another four-year term of Prime Minister Maung Maung Kha.

A technocrat and lawyer, he is one of the few officials without a military background in the inner party circle beneath the reclusive Ne Win. He was appointed premier in 1973.

In his new government, 14 out of the previous 17 members have retained their portfolios.

Foreign Minister Lay Maung was moved aside to head the state-controlled Council of Judges. He was replaced by Labour and Social Welfare Minister Chit Hlaing but diplomats and party officials do not expect any change in Burma's non-aligned foreign policy.

Two powerful officials who have been close to Ne Win for several years rose further up the party and government ladder in what diplomats saw as an apparent attempt to stop one man gaining complete power.

Ne Win's personal military assistant Tin Oo, trained by the US Central Intelligence Agency (CIA) and the East Germans and former chief of Burma Military Intelligence, was named joint general secretary of the BSPP to replace the late Thaung Kyi.

This made him the third-ranking member of the party hierarchy after being elected to the Politburo only in August.

Defence Minister General Kyaw Htin, another powerful figure beneath the president, strengthened his position by becoming one of two deputy prime ministers. — Reuter



## MOSCOW'S INFLUENCE FELT IN CONDUCT OF FOREIGN AFFAIRS

Kuala Lumpur NEW STRAITS TIMES in English 14 Dec 81 p 20

[Article by Ajit Bhattacharjee in New Delhi]

[Text]

WHENEVER there is a chance of India and China resolving their differences, Moscow exerts all its influence on New Delhi to disrupt the process.

On previous occasions, when China's Foreign Minister has come to Delhi or India's Foreign Minister has visited Beijing, the Soviet government is known to have sent a diplomatic note addressed to the Prime Minister warning India of the consequences of moving closer to China.

This time, just before a team led by Foreign Secretary Eric Gonsalves left for Beijing last week, the first deputy chairman of the Supreme Soviet, Vassili Kuznetsov, arrived in Delhi for talks with Prime Minister Indira Gandhi. He was preceded by Soviet Oil Minister N.A. Maltaev and the Soviet naval chief Admiral Gorshkov.

Maltaev signed a protocol providing for Soviet assistance in oil exploration, development, drilling, equipment supply and training in various parts of India. Soviet co-operation has been of considerable help in making it possible for India to meet nearly half its crude oil requirements from domestic sources, and is one of the main areas of Soviet assistance other than the supply of military equipment.

The increasing level of Soviet assistance to India reflects Moscow's need to retain Delhi's support at a time when it is virtually isolated. Nearly two years have passed

since its forces entered Afghanistan. India is the only middle-ranking power outside the Soviet bloc to have failed to condemn the occupation at the United Nations and at other international conferences.

But increasing dependence on Moscow is embarrassing Mrs Gandhi at home and abroad. It has become the main obstacle to an improvement in relations between India and China, a process that is now plainly favoured by both Delhi and Beijing.

The talks between Indian and Chinese officials in Beijing constitute a bigger breakthrough than the goodwill visit by Chinese Foreign Minister Huang Hua to India last June and that of then Indian Foreign Minister Vajpayee to China in 1979. It is the first time that representatives of the two countries have got down to the job of trying to work out an agreement on the alignment of the border between them, since they went to war on the issue in 1962.

No final agreement is expected to be reached at this meeting. It is seen as the start of a process of eroding three decades of mutual suspicion. Gonsalves is accompanied by officials representing commercial and cultural departments who are expected to reach agreements furthering contacts in these areas.

India has already re-

jected the initial Chinese offer made by Deng Xiaoping himself to Vajpayee. This amounted to Chinese recognition of the MacMohan Line, which is the border claimed by India, on the east in return for Indian acceptance of the present line of control on the west.

This would mean surrender by India of some 30,000 square miles of territory adjoining Tibet which includes the vital road built by China through the desolate Aksai Chin plateau which triggered the conflict between the two countries. India would get nothing in exchange since Chinese forces withdrew behind the MacMohan Line in 1962.

This is unacceptable to Mrs Gandhi. She is bound by a resolution adopted by the Indian parliament after the 1962 war to retake the entire territory occupied by China. It is only if Beijing agrees to give some territory in exchange that she can sign away the Aksai Chin road, which New Delhi now recognises. China will never give up.

The border negotiations will undoubtedly take long. Moscow's object is to place as many roadblocks in the way as possible. This extends to opposing moves to improve relations between India and Pakistan because Pakistan and China are its main opponents in its two-year-old campaign to subjugate Afghanistan.

India's reluctance to discuss Pakistani Pres-

ident Zia-ul-Haque's no-war pact offer is at least partly influenced by Soviet pressures. The latest statement by Indian Foreign Minister Narasimha Rao in parliament virtually rejects the offer. The reason he gave was that India could not afford to forget the lessons of the three wars fought between the two countries.

Narasimha Rao's statement was made when Kuznetsov was in Delhi. It reflected the tone of recent Soviet news despatches accusing President Zia of stirring up an anti-India mood in his country in association with the United States and China.

Meanwhile, Indian President Sanjiva Reddy has returned from his visits to Indonesia and Nepal without securing any change in the stand taken by them on Kampuchea and Afghanistan. In spite of the implied disapproval indicated by Narasimha Rao of Kathmandu's proposal to have Nepal declared a zone of peace when he was there a fortnight ago, King Birendra repeated the proposal to Reddy.

Reddy agreed to convey the Nepalese desire to his government and suggested that King Birendra and his Prime Minister visit New Delhi for further talks on the subject. So far, Indian diplomacy has not been able to overcome India's isolation in the Third World following the stand it has taken on Kampuchea and Afghanistan.

## ANTI-TERRORISM CAMPAIGN IN PUNJAB REPORTED

New Delhi PATRIOT in English 15 Dec 81 p 4

[Text]

## CHANDIGARH Dec. 14

THE Punjab CPI has planned a six-point mass political campaign against the secessionists and communal forces in the State.

In a resolution passed at its three-day council meeting which concluded here today, the party decided to hold public meetings at all levels, culminating in the observance of a State-wide day of national integration on 28 January, marked by unity procession, in all tehsil headquarters.

The unity rallies and processions now jointly organised with the CPI-M will be accelerated. The programme will be followed by a State level rally and procession in Jullundur on the first day of the State CPI conference scheduled for sometime in February or the first week of March.

Party secretary Avtar Singh Malhotra said the CPI council noted some positive developments in the political situation in the State recently. Revival of the all parties State committee for communal harmony, and the unanimous condemnation by it of acts of violence, terrorism and lawlessness and the assertion on the unity and indivisibility of the country and the moves towards

resolving the Nirankari-Akali conflict and the exposure of some extremist elements are pointers to this improvement, it felt.

The party has however, warned against any complacency. Mr Malhotra pointed out that the killers were still at large and the law and order was in a most deplorable state. The sense of insecurity among minorities is also increasing, he said.

These are even reports that the extremists and terrorists are getting protection from the ruling party factions in their bid for power. The administration has been virtually paralysed and the loud declarations and threats of drastic action have been matched only with continued inaction, he said.

Meanwhile, Cong-I MLA Joginder Singh Jassowal has described the recent resolutions passed by the Vishal Hindu sammelan at Jullundur as most "unfortunate and dangerous".

In a resolution the Hindu sammelan had described that in Punjab Hindus were a minority community. Till now the Hindu leaders had been describing Sikhs as a part and parcel of Hindu religion, he said.

## INDIAN EXTREMISTS' ACTIVITIES REVIEWED

Islamabad THE MUSLIM in English 20 Dec 81 p 5

[Article by Prakash Chandra: "Indian Extremists Cause New Problems"]

[Text]

**NEW DELHI:** The NAXALITE rebels have sprung back into action again. After being almost 'exterminated' in West Bengal in 1971 and 1972, the communist extremists, who believe in violence as the only alternative to gaining power, have established Red Armies in several districts of Bihar State in East India.

Home ministry intelligence reports said that there are 30,000 Naxalites who raise the red flag every morning as part of their daily routine.

Many of them come from rich families whose children go to Western-style schools and universities.

Just how many Naxalites are still languishing in jail after a series of arrests is unknown. Officials in New Delhi won't give out information on the number of jailed Naxalites.

In 1977 under Prime Minister Indira Gandhi, some 1,500 Naxalites were imprisoned. When the Janata Government under prime Minister Morarji Deasai took over for a short spell, most of the jailed Naxalites were freed.

The Naxalites survive on terrorism and coercion to finance their movement. One rich farmer, for instance, was captured recently because he refused to pay 'taxes' to the rebels.

K.P. Singh, 40, head of the local village council of Lahuna, 20 kilometres from Bihar's state capital of Patna, was rescued by police after several hours battling the rebels.

The rebels claimed Mr. Singh paid the equivalent of US\$500 to each police officer in his area to protect him from the Naxalites.

The rebels, who enjoy a wide following among the landless, low caste *Harjans* (untouchables), said Mr. Singh was also accused of torturing the *Harjans* and of grabbing land from the poor villagers.

This accusation fired up emotions, triggering street violence in the village. The *Harjans* cheered the Naxalites and damned the police. The villagers tried to burn down railway stations, post offices and other government properties in the area.

Elsewhere, Naxalite activism is reportedly mounting. In the southern state of Tamil Nadu, landless villagers, supported by Naxalite rebels, have attacked rich landlords.

In New Delhi, alarmed Home Ministry officials have alerted state governments on the possibility of a Naxalite rebellion all over the country.

State governments have received explicit instructions to crush the uprising before it spreads. Under a new law passed by Parliament, any person can be imprisoned under the Maintenance of Security Act if his activities pose a threat to the security of the state.

But trouble may just be re-starting. The rebel movement has spread among industrial workers and university intellectuals who idolize the Cuban leader Fidel Castro. During the Janata regime, some ministers held secret negotiations with the Naxalites aimed at quelling

the rebellion. The negotiations were conducted with S.N. Sigh, the secretary general of the United Communist Party.

The negotiations produced a promise by the Naxalites that they would no longer pursue their political programmes through the use of force, but instead through peaceful, legislative processes.

But authorities now believe that the Singh group, which represents the moderate plank of the Naxalite movement, has been out-voted by the more radical segment of the organisation. It is believed that the Naxalite movement is now dominated by five or six groups.

Agrarian problem is at the core of the mass unrest. Labourers, some of whom have barely attended school, have no lands of their own. Quarrels, often resulting in bloody violence, are commonplace between labourers and their landlords.

The agrarian problem has been barely touched. Says a senior economist:

"The Planning Commission has been urging land reforms for a long time. But in North India there has been little progress in giving land to the landless. The result has been a spreading land-grab movement that has caused rioting and an endless stream of violence.

It is only when a large number of people are killed or their houses burnt when we hear about efforts to solve the agrarian problem".

The festering agrarian unrest has been compounded by the growing unemployment in the cities. Government statistics show that about 20 million Indians are jobless. Of this, five million are potential white-collar workers still in their twenties.

Despite government efforts to create new jobs, vacancies are simply overwhelmed by jobseekers. This adds fuel to the simmering unrest among the educated youth, some of whom have taken to the gun.

This atmosphere of despair, economic deprivation, social alienation and discontent has created a fertile breeding ground for violence which the Naxalites preach as the only way to salvation.

Trained, armed and financed by the Chinese, as claimed by government sources, the Naxalites are to the ordinary Indian an extension of the old Chinese Red Guards of People's Republic of China.

The term Naxalite originated from the small-scale tribal peasant revolt in a 210-square-mile enclave of 80,000 people known as Naxalbari in West Bengal in 1967.

That year, a group of extremist

young firebrands staged a campaign of terror and seized the administration of the village. In May 1968, the Communist Party of India (Marxist-Leninist) formally announced the formation of the Naxalite Movement.

The Naxalites have their own secret methods of training and recruiting cadres. In the Bhojpur district of Bihar, East India, for instance, a politburo of six, each carrying a 5,000 rupee (\$630) reward for their capture, directs Naxalite activities. An area commander and a political adviser or indoctrinator are in charge of each section.

The area commander's job is to organise the Red Army and prepare a list of enemies. The list places landlords on top as oppressors; womanisers and policemen.

New Delhi has mounted anew a relentless crackdown on the Naxalite rebels. But as responsible Indians point out, it would be a mistake to treat Naxalism as a mere violent aberration that could be solved through overwhelming force. What needs to be done is to redress the serious economic grievances of downtrodden through the massive development of the backward regions, particularly the solution of the festering agrarian problems.—*Depthnews*

## MOVING CLOSER TO SELF-SUFFICIENCY IN RICE PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 21 Nov 81 p 6

[Article by Richard Cowper in Jakarta]

[Text]

THIS year Indonesia is set to move one small step closer to its long-cherished but so far elusive goal of achieving self-sufficiency in rice — the staple food crop for the vast majority of the country's 150 million inhabitants.

The government predicted a record crop of 21.8 million tonnes of milled rice, possibly the lowest level of imports for a decade, and record end-of-year stocks of 2.5 million tonnes this year.

Indonesia will also happily relinquish its traditional role as the world's largest importer of rice. Experts at Bulog, the state-owned agency responsible for the purchase of both domestic and imported rice, say they expect imports for 1981 to be around 500,000 tonnes, less than a quarter of the 2.3 million tonnes South Korea is expected to buy on the world market this year.

Agriculture has for some years been at the top of the Government's list of economic priorities, and rice self-sufficiency has been one of the Government's most cherished long-term development goals.

Over the past decade the Government has made a massive effort in terms of money and resources to boost the country's rice production with considerable sums spent on irrigation development, fertiliser subsidies and two big programmes

to help farmers increase yields and production by boosting inputs, adopting disease resistant strains of rice and switching to double or treble cropping.

Though the results may not appear dramatic, many regard the steady increase in production over the past 10 years as one of the most notable successes of the new order regime of President Suharto.

Indonesia's rice production increased 54 per cent in the past decade from 13.1 million tonnes in 1970 to 20.3 million tonnes in 1980. Output grew at an average of 3.1 per cent a year in the first half of the 1970s and increased by a healthy 6.1 per cent a year in the second half.

Though well above the population growth rate, these increases were not enough to satisfy overall demand growth, and import requirements grew steadily over the decade.

The government appears to have been a victim of its own success. As the economy grew and incomes increased, traditional non-rice eaters shifted to rice as their main source of food, while others increased their level of consumption. Bulog says that per capita consumption grew an estimated 23 per cent from 110 kilos in 1971 to 134 kilos in 1971 to 134 kilos last year.

The result was that during the first half of the decade Indonesia was

obliged to import an average of 924,000 tonnes of rice a year, but in the second half this doubled to an average of 1.8 million tonnes a year.

In spite of sizeable production gains, therefore, at the end of the decade the goal of self-sufficiency seemed more elusive than ever.

Record rice crops two years running appear to have halted this disheartening trend, and some believe that there is now at least an outside chance that Indonesia might become self-sufficient in rice sometime in the middle of this decade.

The 1980 crop of 20.3 million tonnes was 13 per cent above the 17.0 million tonnes of 1979, and barring last minute weather or pest disasters, there should be a further increase of around 7 per cent this year.

Imports to date are just 250,000 tonnes and are not expected to be much above 500,000 tonnes for the whole year. This will boost end-of-year stocks to a record 2.5 million tonnes — a figure which some believe to be over-cautious.

According to Leon Meara, an American expert on Indonesian agriculture and for many years an adviser to Bulog, Indonesia could perhaps reach self-sufficiency by 1985 given an average annual production growth rate of 6 per cent or more — a

target which will be difficult though not impossible to achieve.

On Java, however, many of the production gains to be made from better irrigation and higher inputs have already been achieved. This year Javanese wet rice farmers have been getting paddy yields per crop of over 4 tons per hectare — more than twice the yield in nearby Thailand. Rapid production increases are more likely to come, he says, on the less favourable land outside Java where irrigation is generally unavailable.

Just how rapid those increases turn out to be will depend to a large degree on the success of a massive government transmigration programme designed to move around 2.5 million people off over-crowded Java to the outer islands.

The other key unknown in the self-sufficiency equation is just how fast consumption will continue to grow.

Much will depend on the government's ability to reduce the country's population growth rate through the family planning programme and its ability to halt the growth in per capita consumption by persuading the population to vary its diet. On balance, however, most experts believe that long-run self-sufficiency in rice will be extremely difficult to attain in the 1980s. — PT



## BALANCE OF PAYMENTS DEFICIT BRINGS SPENDING READJUSTMENTS

Kuala Lumpur BUSINESS TIMES in English 27 Nov 81 p 6

[Article by Peter Griffiths in Jakarta]

[Text]

INDONESIA has announced a disturbing balance of payments deficit which looks like provoking a tight budget before next May's general election.

The unexpected dip in the country's economic fortunes — the first balance of payments deficit since 1978 — has put a brake on President Suharto's ambitious budget last January announcing a 31.7 per cent increase in overall spending.

The budget called for total expenditures of US\$22.24 billion, predicted oil revenues of US\$13.76 billion and reflected a prediction of vigorous growth in the non-oil sector.

Since then government planners who anticipated a balance of payments surplus of US\$2.3 billion — not a deficit — have had to drastically readjust their prediction and priorities due to the oil glut and a slump in commodity prices.

Foreign experts predict that even with some deficit financing from exchange reserves next January's pre-election announcement of the 1982-83 draft budget could provide for growth of only about 12 to 13 per cent — meaning a slowdown in massive development outlay and a tight rein on capital spending.

The director-general of Foreign Monetary Affairs, Dr Soegito, told Parliament last week the balance of payments deficit at the end of the 1981/82 fiscal year next March looked like being US\$706 million.

Gold and currency reserves still stood at US\$7.2 billion, he said, but according to foreign experts this huge oil-financed savings bank will decline quite steeply over the next three years.

Some recent projections say Indonesia's reserves (US\$11 billion if net foreign assets of the five state banks are added) could be cut in half by 1984.

Indonesia, Opec's only East Asian producer, benefited with the other 12 members of the Organisation of Petroleum Exporting Countries from the soaring oil prices of 1979-80.

But this year the oil glut and Western recession has meant stagnating prices and demand. Though Indonesian production has remained steady since last year at around 1.6 million barrels a day there has been an annual growth rate of 12 to 14 per cent in domestic consumption.

The growth in home fuel usage — helped by some US\$2.3 billion of government subsidy which keeps the cost

of regular gasoline at US 58 cents a gallon (about 13 cents a litre) — has meant less oil for export.

Finance Minister Ali Wardhana told the Parliamentary Budget Commission last weekend that "the easy and comfortable years when Indonesia was floating on oil" are over.

He told the Commission, which is studying plans for the election year budget, the nation would have to tighten its belt in the next fiscal year.

Further, the contribution of liquefied natural gas (LNG), of which Indonesia has huge reserves, is expected to stay roughly where it is, at eight per cent of the value of total exports, until late 1984 when the completion of the first of a series of big LNG trains will mean a takeoff in gas earnings.

Even more serious than the oil price stagnation on the economy has been the drastic and unpredicted slump in non-energy exports, which will earn about 30 per cent less this year than was projected in the January budget.

Coffee prices have fallen by half since 1980 and Indonesia's export quota was recently cut 28 per cent by the International Coffee Organisation (ICO).

The price of natural rubber, of which Indonesia is the world's second biggest producer after Malaysia, has plunged in the course of this year by a third.

Timber, one of the major non-oil commodities also plunged 40 per cent from US\$1 billion in the first half of 1980 to US\$668 million in the same period this year.

That decline however was mainly self-inflicted, following a government rule in May last year to abolish all raw log exports in an effort to stimulate local wood processing.

But the picture is far from black. Indonesia still enjoys better economic health than its South-East Asian neighbours, thanks to its oil which comprises 70 per cent of the budget or US\$12.4 billion in the current fiscal year.

Inflation looks like being below 10 per cent for the 1981 calendar year and last August President Suharto was able to announce the country achieved one of the world's highest growth rates, 9.6 per cent increase in gross domestic product (GDP) in 1980. —  
Reuter



## EXPORT COMMITMENTS LINKED TO AWARD OF CONTRACTS

Kuala Lumpur BUSINESS TIMES in English 11 Dec 81 pp 1, 20

[Te: c]

JAKARTA, Dec. 10

INDONESIAN Trade Minister Radius Prawiro today announced sweeping changes to government import-export regulations under which foreign companies awarded government contracts must guarantee overseas buyers for Indonesian products.

The new decrees, already mentioned in Parliament by Economic, Finance and Industry Coordinating Minister Wijoyo Nitisaastro, would come into effect from Jan. 1, Mr Prawiro said.

The most controversial is a scheme under which Indonesia will link tenders to exports so that "foreign companies awarded contracts for construction projects and major procurements must undertake to export Indonesian products equivalent to the amount of the contract."

He told newsmen the moves were intended to overcome the effects of the world trade recession and "growing protec-

tionism in industrialised countries" which resulted in a serious slump in Indonesian non-oil exports.

In determining the value of exports which contractors should either buy themselves or guarantee that third parties would buy, "the government will allow contractors to deduct the amount spent in Indonesia for equipment, services and wages in carrying out a project as well as Indonesian taxes and duties," Mr Prawiro said.

He stressed the regulation would only apply to major government-sponsored projects or procurements over 500 million rupiah (\$1.34 million) and not to foreign investment in joint ventures or state-owned companies.

Projects or portions of projects or procurements financed by bilateral and multilateral concessional loans, such as those from the World Bank or Asian Development Bank (ADB) would also be exempted.

Mr Prawiro said those companies who were not able to purchase directly acceptable Indonesian export commodities such as coffee, rubber, processed timber, pepper which would be listed by the Trade Ministry, would have to persuade other importers to do so.

"As a condition of acceptance of tender bids, the tenderer must agree to execute a letter of undertaking specifying export commitments," the Minister said.

The exports would be spread out through the life of the contract and there would be a penalty clause of 50 per cent levied on the value of that portion of an undertaking which, in the Trade Ministry's judgement, had not been honoured.

Thus if as quid pro quo for a \$10 million government contract a company said it had persuaded a certain trading company to buy \$10 million worth of Indonesian rubber but only \$8 million was purchased, 50 per cent of the value of the \$2 million

dollar shortfall would be payable to the Indonesian government.

Under the regulation, which the Minister admitted may not be easy to enforce, the primary responsibility lay with the contractor whose undertakings would only be accepted if the export goods were for use or resale in his country of nationality.

"Exports must be in addition to and not by way of credit against any purchase commitments currently in effect. Exports to traditional customers of Indonesian products at historical levels will also be excluded in fulfillment of a contractor's export undertaking," the Minister said.

Initial reaction from foreign industrialists here was that it would favour Japanese contractors, who often have ties with big trading concerns, and that it would inevitably raise prices quoted by tenderers for contracts. -- Reuter

CS0: 4220/555

## REPORT ON CHINESE INDONESIANS' SHARE IN ECONOMY

Kuala Lumpur BUSINESS TIMES in English 14 Dec 81 p 20

[Text]

JAKARTA, Dec. 13

THE common notion that Chinese Indonesians dominate the national economy has been countered by a report published here in November by the "Management Information Foundation," as reported in the daily *Indonesian Observer*.

The share of Chinese Indonesians in the economy was virtually negligible compared to that of the state or even foreigners, it was stated.

In industrial units set up jointly with foreign capital, indigenous Indonesians hold 13 per cent of the shares, government nine per cent and Chinese Indonesians less than 10 per cent, the remainder being in the hands of foreigners, the report said.

The government owns the major part of the shares in domestically-

owned industries while 27 per cent are in the hands of Chinese Indonesians and 11 per cent are owned by indigenous Indonesians.

Furthermore, 85 per cent of bank assets are owned by the government and about 87 per cent of deposits are with government-owned banks which provide 84 per cent of all loans, according to the report.

Industrial tycoon Lim Siu Liong's Central Asia Bank has assets not exceeding five per cent of the assets owned by a state bank like the "Bank Bumi Daya," the report stated.

These studies on industrial investment and banking in Indonesia seem to prove, according to the report, that Chinese Indonesians who constitute less than three

per cent of the total population, are not dominating joint ventures or domestic industries.

As for domestic industries, observers commented, the holding of 27 per cent of the shares by this three per cent of the total population in comparison with the 11 per cent owned by indigenous Indonesians proves, on the contrary, that the share of Chinese Indonesians in the economy is still overwhelming.

Anti-Chinese feelings, based mostly on their dominating the economy, have adversely influenced relations between the two communities, especially in the past 15 years. The last violent anti-Chinese riots that quickly spread over Central Java, starting from Solo, occurred in November 1980. — AFP

## KHMER RESISTANCE GROUPS POSE CONSTANT THREAT

Kuala Lumpur BUSINESS TIMES in English 25 Nov 81 p 6

[Article by Victoria Butler in Phnom Penh]

[Excerpts]

THE Khmer resistance is nibbling away at the control the Vietnamese-backed Heng Samrin regime has in Kampuchea.

"The anti-Heng Samrin forces are getting stronger," said a Western relief worker who travels frequently throughout the country. "There's more guerilla movement: roads are less safe."

Western analysts say the Khmer Rouge, the largest of the resistance groups, are at the strongest they have been since the Vietnamese ousted them nearly three years ago.

Sustained by China, most of Pol Pot's 30,000-40,000 guerrillas live in mountainous areas along the Thai border. But several thousands lurk in strongholds in the central and east regions.

In remote battles people rarely hear about, these battle-tested jungle fighters are slowly bleeding the 150,000 to 200,000 Vietnamese troops in Kampuchea.

Relief sources in Phnom Penh estimate about 20,000 Vietnamese have been killed, wounded or taken seriously ill, with diseases such as malaria, since January.

People who have visited the Vietnamese hospital in Phnom Penh described it as "overflowing" with wounded.

The Khmer Rouge claim to have killed or injured 36,000 Vietnamese in the last five months but Western analysts say this figure is

"highly inflated." The Vietnamese refuse to give any statistics.

In a series of raids this year, Pol Pot's guerrillas also disrupted main roads and regained a little territory in remote, underpopulated areas.

The Khmer Rouge cut off the north-western section of Route 6, one of two main arteries connecting Phnom Penh to the western provinces last February. Since then relief officials have not been allowed to travel further than the central town of Kompong Thom.

### Ambush

Moreover, officials in Kompong Thom insist that all aid workers take a military escort when they venture beyond the city limits. The governor, who rides with heavily armed bodyguards in a jeep, recently told a relief official he has been ambushed by guerrillas three times.

The Khmer Rouge also lay mines in potholes along Route 5, the "rice" road linking Phnom Penh with the fertile padi fields in the west.

"Nobody wants to be the first one on the road," said one relief worker. "We wait until the Vietnamese soldiers have checked it out."

Recent visitors to the western provinces of Battambang and Siem Reap said sometimes the roads are marked where mines have been laid.

Phnom Penh authorities still escort visitors to the legendary ruins of

Angkor Wat. By day photographers ramble through the ancient rocks with Heng Samrin soldiers. But, as dusk falls they hurry journalists and aid workers back to the safety of the provincial capital.

The Khmer Rouge and other resistance bands prow the ruins by night.

A photographer who spent a week taking pictures of one of the old temples, slightly off the beaten track was shocked one morning to discover three huge gaping holes in the road he had travelled down the previous evening.

Occasionally, the Khmer Rouge attack in areas closer to Phnom Penh. In August, they ambushed a rice convoy about 80 miles north of the capital. Now young Heng Samrin soldiers stand guard every 100 yards for several miles along this section of the road.

"I feel reborn," said a driver after passing by this stretch.

In Prey Veng Province, just east of Phnom Penh, the governor was seriously wounded two and a half months ago when his car ran over a mine planted by guerrillas. His driver died.

Some aid workers said the Khmer Rouge have once again begun terrorising villagers in certain areas around Kompong Thom, forcing them to support the resistance.

For the most part, however, relief workers

and officials in Phnom Penh believe the Khmer Rouge avoid antagonising the peasant population, upon whom their future rests. In an attempt to improve their black image in the countryside, the Khmer Rouge leadership has announced economic and political reforms, that ironically include a decree prohibiting Khmers from killing each other.

While the Khmer Rouge don't appear to be winning any popular support, some observers detect a slow neutralisation of the countryside. They note most of the mining incidents occur near populated areas. Some Phnom Penh officials even suggest villagers are hiding or passively ignoring the guerrillas in sensitive areas.

"We know where they are and we could wipe them out in a day. But, we don't want to take harsh measures against the villagers. It would be like Pol Pot days," said one official.

Both sides are courting the peasants and nobody wants to force them into an opposition camp.

Vietnamese protection keeps the fledgling Phnom Penh government afloat. Western analysts estimate the Heng Samrin army numbers about 20,000 raw recruits. Pitted alone against the battle-tested Khmer Rouge, they would lose. But as long as one of the world's largest and toughest armies backs them, they will probably survive. — UPI

## 'QUAN DOI NHAN DAN' REPORTER VISITS KAMPUCHEAN PROVINCE

Hanoi QUAN DOI NHAN DAN in Vietnamese 25 Nov 81 p 2

[Article by Le Bui: "Ratanakiri Today"]

[Text] Ratanakiri, a province in the mountain region northeast of the capital, Phnom Penh, has a glorious history of combat and revolution. It is changing every day and every hour, along with the marvelous changes of the "land of pagodas and temples." I visited that border province (which borders on Vietnam and Laos) at the end of autumn and saw that the recovery there was rapid beyond imagination. In the year since I attended the conference held by the people of Ratanakiri regarding the mopping up enemy troop remnants and the establishment of the people's governmental administration (October 1980), Ratanakiri has achieved many new accomplishments in all spheres: production has developed well, the people's living conditions have been stabilized and improved, order and security have been maintained, and the revolutionary governmental administration has been consolidated from the provincial level down to the village level, even in the remote mountain areas, and is effectively managing all tasks.

Ratanakiri is a rather large Kampuchean province. Under the old regime its population at one time amounted to more than 700,000. During the Pol Pot period the Angka gang savagely murdered the true revolutionaries of Ratanakiri and killed tens of thousands of the people. Many villages and hamlets in the area bordering Vietnam's Central Highlands were completely destroyed. The province's population declined by 50 percent. Even during the first months after the liberation, the revolutionary administration arranged to take the people back to their home areas so they could earn a living. In 1979 and 1980, 45,000 people returned to their home areas. At present the province's population is estimated at about 500,000 people, who earn their livings by forestry and farming. A small number of them are workers in small enterprises.

When one looks at an economic map, or visits the various areas in the province, one can clearly realize the considerable difficulties of Ratanakiri with regard to production and living conditions. Ratanakiri, a mountain-region province, does not have conditions as favorable as those of such fertile provinces as Mondulkiri, Takeo, and Kampot, but nature has blessed that area with a strip of farmland and prosperous villages in the Mekong River basin. The province has a number of long established rubber groves and industrial crop areas, many stands of valuable

timber, etc., which have not been tended and protected for a long time, so they are declining in area and quality. During the past 3 years Ratanakiri has carried out the mopping up of the remnant troops of Pol Pot, and promptly smashed their infiltrations and harassment. By the end of 1980, the people's armed forces in the province, coordinating closely in combat with the units of the Vietnamese army fulfilling international missions in Kampuchea, had killed, wounded, or persuaded to surrender 1,424 of the enemy, and captured 568 weapons of the various kinds. The districts of Vaysai, Bunlung, Lomphat, etc., have led the way in eliminating reactionary nests, and in maintaining political security and social order and safety. Paying attention to building up its armed forces, Ratanakiri formed Battalion 17, made up of cadres and men with accomplishments in combat and healthy, patriotic youths who matured in the revolutionary movement in the localities. That battalion, the province's hard-core force, has carried out dozens of mopping-up operations, captured more than 100, and confiscated many weapons. Nearly all of the cadres and men of the battalion have undergone political, military, and academic training in order to improve their command and combat skills. During an inspection carried out in July 1981, more than 85 percent of the battalion's men were classified as "good" or "skilled" with regard to marksmanship. The battalion is often organized into many small units which are assigned on a long-term basis to the districts and key areas to encourage the masses to build up the armed forces and to fulfill other missions, such as receiving people returning to the area to live and helping the people to harvest rice during urgent periods of the harvest season.

The local armed forces of Ratanakiri are becoming increasing large and strong and are a strong source of support of the government and people. Demi Village in Pakeo District, the village with the strongest militia forces in the province, has dozens of members with actual combat experience. That unit is good at patrolling and guarding, and at the same time does a good job of activating the masses to report on the activities of the reactionaries who continue to operate surreptitiously. The other localities in the province are giving rise to a movement to study and emulate Demi Village, and to build localities that are strong in all regards.

On the production front, Ratanakiri has also achieved many accomplishments worthy of pride. In the past it had to live entirely on the grain provided by the central level, but now Ratanakiri is partly self-sufficient in grain and is entirely self-sufficient in other foodstuffs. The villages and hamlets in the Se Kong and Se San river basins have had successful harvests 2 years in a row, and the most recent was more successful than the previous one. We had the occasion to visit Satsami Village, situated north of the Se San River, and were even more impressed with the Kampuchean people's spirit of diligent labor.

Satsami is the rice basket of Ratanakiri Province. However, during the Pol Pot period nearly all of the fields there were abandoned. As early as 1979 the people of Satsami were provided seedstock and draft power in order to restore production, and during the first season planted 17 hectares and harvested more than 14 tons of paddy. Although yields were low, the first planting, amidst countless difficulties and sacrifices, served to inspire the peasants to produce enthusiastically.

Although the peasants of Satsami are still poor, they have the initial foundation on which to build a fine new life within a short period of time. The families live in



newly erected thatched houses with gardens, livestock, and poultry. The production collectives, exploiting the strengths of the collective way of livelihood, have cleared or restored dozens of hectares. In 1981, the cultivated area was 3.5 times greater than in 1980. The village has a whole has more than 30 water buffaloes (and 70 houses), and the province has provided such farm tools as plows, harrows, grass rakes, machetes, etc., so cultivation is easier than in the past.

We visited the family of Mr. Konech, a peasant with traditional farming skills. He happily said:

"Thanks to the revolution, my family has been reunited. We returned to the village only a year ago. In the past, Angka forced us to go to Sre Chet. I had seven children -- four girls and three boys -- but because of hunger and savage beatings by Angka, four of my children died. This year my family harvested seven quintals of rice, as well as about three quintals of manioc, so we'll have enough to eat until next season.

"My family does not have the highest income in the village. Many other people harvested as much as 1.5 tons of rice, water buffaloes, hogs, and dozens of chickens."

Life in Satsami Village is strangely attractive. Like the people of Ratanakiri Province, Satsami is improving every day. The revolutionary administration has brought about a way of life that assures food and clothing, the right to live, and the right to be human beings. For that reason, more than 500,000 people in Ratanakiri are determined to follow the revolution and go all-out to support and stoutly defend the new administration.

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CSO: 4209/158



## SOCIALIST STATE WITH A CAPITALIST ECONOMY

Kuala Lumpur BUSINESS TIMES in English 2 Dec 81 p 6

[Article by Michel Blanchard in Vientiane]

[Text]

THOUGH Laos is one of the 25 countries with the lowest income, it paradoxically has rich unexploited natural resources.

So there are some good cards for carrying out the country's five-year plan, the first year of which has just elapsed.

But there are also heavy handicaps. Laos will depend on foreign aid for a number of years yet.

Per capita income is under US\$100 a year. On the other hand there are under-tilled land and uncut forests, unmined tin, manganese, bauxite, etc., and hydro-electric potential. Laos is as big as West Germany but only has three million inhabitants to feed.

However, there are many obstacles to economic development. Landlocked Laos must get its supplies through Thailand. It lacks competent managerial cadres. The road network is summary.

The people show more family-first individualism than collective solidarity.

A new economic orientation decided on in 1979 makes Laos unique among communist countries. People say that Laos is a "socialist state with a capitalist economy." This joke is hardly exaggerated.

Aside from co-operatives and state capitalist enterprises there are private capitalism and small independent producers. The last two categories are the biggest ones. "Relationships in production should conform to the character and level of the productive forces," comment Laotian communist theoreticians.

Agriculture, the backbone of the economy, is "backward," admits Agriculture Deputy Minister Latamy Kham-poul. Forced collectivisation of farmers failed. Only 40 per cent of farmers belong to co-operatives (merely loose groups).

Irrigation is old-fashioned. Use of fertilizers and insecticides is limited.

But this year's rice harvest should total 1,200,000 tons, enough to feed the population.

Above all, Laotian peasants only grow one rice crop a year, during the rainy season. Thus they work only 120 days a year.

"If we just worked twice as much, we would be rich," commented one official. The government hopes increased irrigation and emulation will inspire farmers to till the soil an average of 200 days.

But it is tough to persuade a Laotian peasant to work more in order to nourish city folk and to export rice when his family already has enough to eat.

Peasants are not eager to grow more rice when the government pays only three kips (US 10 cents) a kilo for it.

The government encourages the growing of the other crops, livestock raising and clearing of the new fields, which is linked to resettlement of people displaced by the war.

But explosions of dud bombs have killed 50 people in five years, Mr Kham-poul said. Three million American bombs were dumped on Laos.

Efforts are being made to grow coffee and produce teakwood and other lumber. Forests cover 82 per cent of the territory.

Industry provides only three per cent of gross internal production and employs not more than 10,000 people. There are only a hundred factories including 80 sawmills.

Tin mining has resumed. The capacity of La Nam Ngum dam, whose electricity is sold to Thailand, will be increased. A 200,000-ton-a-year cement factory is being built at Vang Vieng in the north with Soviet aid.

Trade is mainly private and mostly in the hands of Thai, Chinese and Viet-

namese, as under the former non-communist regime. Five foreign-owned companies handle importing and exporting for the state. They are taxed lightly or not at all.

The diplomats' store, a happy hunting ground for Soviet experts, is run by a Frenchman.

Laos suffers from chronic lack of capital. In 1978 the national revenue was only US\$5.7 million despite US\$176 million in US aid. Today, imports reportedly exceed US\$90 million for only US\$25 million in exports.

Laos only burns as much oil in a year as Thailand does in 1.5 days but still needs US\$17 to US\$20 million to pay for it.

The trade balance should improve because Thailand has agreed to pay three times more for its Laotian electricity starting this month. That will earn US\$24 million a year.

But Laos still depends on foreign aid. It is helped by the World Bank and United Nations agencies, and gets an estimated US\$30 million a year from Western countries led by Sweden, which supplies 55 million crowns (US\$10 million) a year.

The modalities of aid from the Soviet Union, East Germany, Czechoslovakia, Hungary, Cuba and Vietnam are unknown. Western experts believe this aid totals US\$100 million a year.

Laos' main difficulty is in absorbing foreign aid, because of disorganisation and lack of trained managers.

So many things need to be done that it is difficult to recognise the priorities.

"What we need the most," said a Finance Ministry official, "is missions by foreign experts to help conceive of projects adapted to our needs and possibilities. Our projects too often are unrealistic and lack a solid base." — AFP

## POSSIBILITY OF EARLY GENERAL ELECTIONS SEEN

Kuala Lumpur BUSINESS TIMES in English 20 Nov 81 p 6

[Article by A. Kadir Jasin]

[Excerpts] Constitutionally, the government does not have to go to the country until August 1982. The last general elections were held on July 8, 1978. But available indications point to an early general elections. This is not unlikely because the previous two elections were held a year ahead before they were due. Immediately upon announcing his Cabinet on July 18, the Prime Minister said it would take at least a year before the rakyat would feel the impact of the new administration.

Political observers took that to be a pointer. If it was indeed so, the general elections will be held some time in the first half of next year, possibly before the fasting month.

The Election Commission has ordered the printing of nomination papers and has called tenders for the supply of ballot boxes. But commission sources said these are routine steps; the body attempts to keep itself in readiness for an election at any time.

Having set the mood and pace for his administration, Dr Mahathir may not want to wait much longer. In as far as his popularity is concerned, the Prime Minister has little to worry about.

The public in general is convinced that the Prime Minister and his deputy, Datuk Musa Hitam, are committed to making this country a better place to live in.

They have both staked

their political future by making the kind of commitment which had never been made before. In no uncertain terms they have asked the people to judge them by their performance.

In the short period since they took over the stewardship of the country, they have subjected the civil service to a shock treatment that it has never before experienced. In a system like Malaysia's, not many politicians would dare to take on the civil service so directly. But as Datuk Musa has made it clear, the government is not picking on the civil service as a political gimmick to win votes but in fulfilment of the pledge to give the rakyat a clean, efficient and responsive administration.

Having decisively won a mandate from party members at the Umno General Assembly in Kuala Lumpur last June, the two leaders might be inclined to seek a wider mandate from the nation as early as possible to get on with the tasks ahead.

April is considered as the most likely time for the next general elections for a number of obvious reasons. It coincides with the school holidays and is shortly before the commencement of fasting.

Politically, Umno is in very good shape despite the keen contests witnessed during the General Assembly in June. The speculation that the race between Datuk Musa and Tengku Razaleigh Hamsah for the post of deputy president would

split the party has been proved wholly unfounded.

The rivalry between MCA and Gerakan, however, continues. Although less is being said about it, the competition is likely to be kept alive as each party tries to get as many seats as possible allocated to it by the Barisan Nasional.

The Barisan Nasional leaders, in particular those from Umno, have so far been very careful in handling the MCA-Gerakan tussle, giving the impression that they are not too worried about it.

Privately, however, Barisan leaders, in particular those from Umno, are less than happy about the "in-fighting" in the coalition. Continued rivalry between the MCA and Gerakan will not only hurt the Chinese-based parties but the Barisan as well.

The DAP also has had its share of trouble. It was plagued by purges and defections including those of three MPs. The "iron rule" of Mr Lim Kit Siang was seen as too harsh by some party leaders. Their revolt was summarily quashed by Mr Lim and defections followed.

Despite these squabbles, the tense rivalry in the MCA, leading to the departure to Gerakan of Datuk Michael Chen, and subsequently the brush between the MCA and Gerakan, enhance somewhat the chances of DAP.

Unless the MCA-Gerakan tussle is amicably settled, the

DAP stands a better-than-average chance to win those seats it lost by a small margin.

Pas has revved up its machinery since its disastrous performance in 1978 in which it won only five parliamentary seats and nine state assembly seats in the Malay-dominated states. The tense atmosphere in Kelantan, Trengganu and Kedah is due partly to this.

Of lesser threat to the Barisan are the Parti Sosialis Rakyat Malaysia which obtained 14.1 per cent of parliamentary votes and 12.4 per cent of state votes in the 1978 election. In Sarawak, the Sarawak People's Organisation took 33.8 per cent of the local votes, Parti Rakyat Jati Sarawak 17.5 per cent and Pusaka 10.4 per cent.

By the look of things, the next general elections could also spell the death of the smaller parties, notably Parti Keadilan Masyarakat Malaysia (Pekemas).

Finally, quite apart from these considerations, the Prime Minister may also take into account the fact that if he waits until March, 1983, he could hold simultaneous elections in all the states.

But he may decide against this as a truly nationwide election will place too much strain on party machinery. Similarly he may not wish to wait until the very last moment, which is August 1983, to hold the elections as this will limit his room for manoeuvre.

## CPM LEADER SURRENDERS IN THAI BORDER AREA

Kuala Lumpur NEW STRAITS TIMES in English 19 Nov 81 p 2

[Text]

HAADYAI (Thailand), Wed. — A guerilla leader of the outlawed Communist Party of Malaya (CPM) has surrendered after spending more than 17 years fighting an underground war in the jungles of South Thailand, Thai army sources said today.

The man, identified only as a Thai Chinese, surrendered on Saturday with his wife and two other CPM guerillas near the town of Pattani in Yala province about 100 km (65 miles) east of here.

They handed over firearms and hand grenades and several letter believed to name other guerillas fighting in jungle areas of South Thailand near the Malaysian border, the sources said.

Their names could not be disclosed for security reasons but the leader is a high-ranking member of the CPM, the sources said.

Four CPM guerillas gave themselves up earlier this month.

Sources said one of them, a Thai Muslim, reported a power struggle between the CPM proper and a breakaway faction, the CPM-ML (Marxist-Leninist).

A guerilla was killed in a clash between the two factions early last month following moves by the CPM-ML to extend their influence in areas long the traditional preserve of the numerically stronger CPM, according to the sources.

The surrenders came during an intensive combined operation launched about a month ago by the Thai army and border police in which 17 guerillas have been killed and several camps destroyed.

The sources said one guerilla estimated the number of CPM militants active in the border area at more than 3,000.

The CPM has been fighting an underground war in southern Thailand following the crushing of the communist insurgency by British and Malaysian troops during the Emergency in the country from 1948-60. — Reuter.

CSO: 4220/558

## LIBYAN CULTURAL CENTER OPENS IN KUALA LUMPUR

Valetta THE JAMAHIRIYA MAIL in English 21 Nov 81 p 3

[Text]

•A new Libyan cultural centre has been opened in Kuala Lumpur. The ceremony held for the occasion was attended by Muhiddin Mohammed Yassin, Parliamentary Secretary for Foreign Affairs in Malaysia, party leaders, members of the People's Bureau in Malaysia, university chancellors and academic dignitaries, publishers and members of the diplomatic corps in Malaysia.

The secretary of the People's Bureau delivered a speech on the occasion in which he said the opening of a number of cultural centres is part of the Jamahiriya's belief in promoting relations with friendly nations. He said the centre will provide the Malaysian people and others with an opportunity to learn Arabic, the language of the Koran, and to use various other books.

He added that the most important service the centre will be performing will be to introduce the right interpretations of the concept of

the Koran which form the basic legislature of the Jamahiriya society. He said: "The Islamic world is facing various challenges to its beliefs and we are called upon to deal with this threat and revise our political, economic and social concepts in accordance with the Green Book."

The Malaysian Parliamentary Secretary for Foreign Affairs, Muhiddin Yassin, praised the Jamahiriya's pioneering role in promoting Islamic teaching and supporting Islamic causes and Muslims. He affirmed that the Islamic countries cannot face the present ideological, political and economic challenges without solidarity and the concerted efforts of all Muslim countries. He said this is the practical and constructive answer

to all threats.

Mr. Yassin expressed appreciation for the opening of the centre saying: "This center will certainly advocate the cause of Islam and spread Islamic culture and help to make Islamic values and traditions deeply felt. I heartily congratulate the Malaysian youth on the opening of this centre which will give them the opportunity to learn everything necessary about Islam and Islamic traditions in addition to strengthening relations between the Libyan and Malaysian people."

The centre has four parts including a library with 20,000 volumes in the fields of science and the humanities, exhibition and lecture halls, a department for teaching Arabic and a special children library.

## MASSIVE INCREASES IN SABAH LICENSE FEES, ASSESSMENTS

Kuala Lumpur NEW STRAITS TIMES in English 18 Dec 81 p 13

[Text]

**KOTA KINABALU, Thura.** — There are ominous signs in the air that portend a gloomy and expensive new year for the one million people in Sabah, particularly those in urban areas.

Beginning next month the various municipal councils and a town board are almost certain to increase their licence fees and services between 20 and 100 times.

The increases will cover licences to operate hotels, restaurants, coffee-houses, coffeeshops, market stalls, girls' barber saloons, billiard saloons and also assessment for commercial and residential premises.

The new rates which have already been drawn up and are subject to the approval of the Town and Country Development Ministry are almost certain to be introduced to cover the municipalities in the State capital, Sandakan, Tawau and Labuan and the Lahad Datu Town Board.

This disclosure comes amidst the austerity drive called for by next year's budget and last Wednesday's announcement by Chief Minister Datuk Harris Salleh before leaving, that levies within the purview of the State would be reviewed upwards.

Describing the review of rates as part of the State Government's

programme to go on a "commercial drive", Datuk Harris indicated that subsidies for certain items would also come under the State Government's axe.

Asked about the reasons for the increases, well-informed sources said there has been no increase in the rates of houses and shop buildings since 1968, while the rates for hotels had not been increased since 1971.

As for market-stall owners, the sources said they had been paying the current rates for more than four years.

## Up 166-fold

Girls' barber saloons which are currently paying \$12 per chair per saloon each year, will have to pay \$720 per chair now each year, a 60-fold increase.

Night clubs which currently pay \$200 per annum will have to pay the new rate of \$5 per square foot every month.

This means if a night club had an area of 1,000 sq. ft., it would have to pay 166 times more.

The new rates for hotels will fall under three categories: Hotels with not more than 25 rooms will

have to pay \$30 per room each month (up 30 times); those with 26 to 50 rooms, \$100 per room each month (up 60 times); and, those with more than 50 rooms \$150 per room per month (up 90 times).

Currently hotel operators pay only a standard rate of \$30 per room every year.

As for the market stalls, the current \$30-a-month levy will increase 200 per cent to \$120 per month, particularly those selling vegetables, fruits, food, meat, fish, textiles, coffee-powder and newspapers.

Billiard-saloon operators who have been paying \$10 per table each month will have to pay \$200 now a month for a table, a 20-fold increase.

Restaurants who currently operate at a flat rate of \$12 per annum will be classified under three categories: Air-conditioned or first class (new rate of \$300 per month); second class air-conditioned (\$200 per month); and, third class (\$100 per month).

Coffeeshops, which are also classified under three categories, will have their rates reviewed upwards. They are now paying a flat rate of \$12 per annum but will have to pay \$120 per month under the revision.

Residential and commercial premises will have their assessment rates increased from 25 per cent to 30 per cent.

## PRIME MINISTER DENOUNCES POISON PEN LETTER

Kuala Lumpur NEW STRAITS TIMES in English 17 Dec 81 p 1

[Text]

KUALA LUMPUR, Wed. — The Prime Minister said today that a poison pen letter written by a group of Chinese has now been translated and widely distributed among Malays to arouse hatred and racial sentiments between the two races in the country.

He said the letter, which called for all Chinese to unite to seize power for themselves and overthrow the coalition government, has fallen into the hands of Malays who have made a translation from the original English and circulated it widely in

a chain-letter style.

The letter, which first appeared during the 1978 general election, has since been banned, but this has not stopped its circulation. No one has been arrested.

Datuk Seri Dr Mahathir said more issues have been added to the original letter, including the Merdeka University and second Deputy Prime Minister debate.

He said the letter has also been sent to Malaysian students overseas and in the country to create confusion and misunderstanding among the students and other Malays.

The letter, he said, is aimed at generating ha-

tred toward the present coalition Government. "We know their political aim — don't support any party that works together with all races."

## Arouse

He warned that the police would take stern action against any group found distributing the letter.

He said the Government has not been able to determine who first issued it "but we're suspicious that it was written by a group merely out to create chaos, arouse racial sentiments and to defeat a party that works together with other races."

Datuk Seri Dr Mahathir said he has also received the letter several times, the original and the new edition with the added issues.

As the letter is being distributed with the instruction to make 10 copies to send to 10 different persons, new issues and instructions are added on by others.

He urged all those in possession of the letter to surrender it to the police.

CSO: 4220/558



## INTERNATIONAL TRADING COMPANY TO BEGIN OPERATIONS

Kuala Lumpur BUSINESS TIMES in English 28 Nov 81 p 1

[Article by Ahmad A. Talib]

[Text] THE national trading company, designed to promote the country's trading operations worldwide, will be officially launched early next year, Datuk Seri Dr Mahathir Mohamed said.

The Prime Minister pointed out that arrangements for the company's incorporation were being finalised.

Tentatively referred to as the Malaysian International Trading Company, and modelled after the Japanese *sogoshas*, it was originally scheduled to be launched by the end of the year.

But it is understood that the tying up of "a few loose ends" has delayed the company's incorporation. The various parties included in the multi-million ringgit venture were however tightlipped about developments but insisted that "we're working on it."

The trading company would have government agencies and private sector companies as members and shareholders. According to Deputy Trade and Industry Min-

ister, Datuk Lew Sip Hon, so far 18 agencies and companies have been identified as shareholders.

Among the government agencies and government-controlled bodies to be included in the venture are Petronas, FELDA, the Malaysia Mining Corporation, the Food Industries Malaysia Berhad (Fima) and Per-

nas. Sime Darby, the National Youth Cooperative and companies from Sabah and Sarawak had also been invited to become shareholders in the deal.

Basically, the MITC would promote the sale of the country's primary commodities and manufactured items in much the same way as the Japanese trading houses are doing.

Each of the participating partner is required to contribute between \$30 million and \$50 million as paid-up capital. Some of them, it is learnt, have already given their pledges for the amount allocated to them.

At the moment details were being finalised on

shipping arrangements, training of administrative and management personnel, promotional work for Malaysian products and market identification.

A lot of thought is also given to coordinating all these aspects. It is understood that the Deputy Governor of Bank Negara, Dr Lin See Yan, has been asked to oversee the coordination.

Earlier this week, Reuters reported that MMC has set up a private company to trade in tin and other commodities. The company, called Maminco Sdn Berhad, was set up last June 26 with a nominal capital of \$200 million.

Maminco, the report said, was expected to "dovetail" into the main *sogoshas* group when it was officially launched.

Meanwhile, Bob Teoh added: Prof J. Panglaykim, managing director of Indonesia's Sejahtera Bank Umum, told *Business Times* in Kuala Lumpur last Wednesday that it was necessary to take a cautious approach in

adopting the *sogoshas* concept.

This was because the Japanese model which had proved very successful in its home country might not work in different circumstances. Recent studies had only covered different aspects of *sogoshas*' working, or a combination of them, but the essence of their success was still to be fully explained.

He admitted, however, that the *sogoshas* concept of international trading held much promise.

Prof Panglaykim said the basic problems in implementing the concept in Malaysia would be that of mobilising the necessary expertise and securing coordination of the various various agencies involved in trade.

He said it might be necessary to recruit foreign experts for the purpose of penetrating international markets. But he ruled out the possibility of hiring Japanese experts because "a Japanese will not work for any *sogoshas* other than a Japanese one."

## DIVERSIFICATION NEEDED TO OVERCOME TRADE DEFICIT

Kuala Lumpur BUSINESS TIMES in English 30 Nov 81 pp 1, 20

[Article by Charles Chan]

[Excerpts]

FOR a country grown accustomed to hefty surpluses, Peninsular Malaysia's \$1.4 billion trade deficit during the first eight months of 1981 once again underscores the pressing need for the economy to diversify its trade and industrial patterns.

A significant trend in Peninsular Malaysia's trade is the increasing quantum of imports, mainly of machinery and transport equipment, against a background of decreasing exports.

This trend is likely to continue in view of the commitment of the government to step up economic development under the Fourth Malaysia Plan as part of the overall strategy to meet targets set under the New Economic Policy.

Japan remains very much the colossus dominating Peninsular Malaysia's external trade. Imports from that country jumped from 19.7 per cent of total imports valued at \$2.65 billion during the corresponding period of the previous year to 21.1 per cent valued at \$3.26 billion for the first eight months of 1981.

Imports from that country are mainly manufactured products, particularly machinery and equipment.

On the other hand, Peninsular Malaysia's exports to Japan declined from 13 per cent valued at \$1.99 billion in 1980 to 11.9 per cent valued at \$1.67 billion this year.

The nature of exports remain basically that of

raw materials like petroleum (\$821.2 million), rubber (\$104.2 million), tin (\$391.1 million) and palm oil (\$66.1 million). Except for petroleum, the earnings from these export items have shown a fairly substantial decline.

The United States of America is Peninsular Malaysia's next largest trading partner if Singapore's role as the "middle man" in the country's external trade is discounted.

Exports to the US declined sharply from 14.9 per cent valued at \$2.29 billion in the first eight months of 1980 to 9.3 per cent valued at \$1.30 billion this year. Exports were mainly rubber (\$257.9 million), tin (\$144.4 million) and petroleum (\$134.1 million).

There was a slight drop of imports from the US, from 15.1 per cent valued at \$2.03 billion in 1980 to 14.1 per cent valued at \$2.17 billion, mainly comprising manufactured products, industrial hardware etc.

On a group basis, the EEC countries comprise Peninsular Malaysia's biggest market, accounting for 16.7 per cent valued at \$2.33 billion of total exports in the first eight months of this year. This, however, was much smaller in volume compared to that of the previous year when exports reached 20 per cent valued at \$3.06 billion. The reduction of exports generally reflected the slowdown in economic growth in the EEC countries.

On a country-by-country

basis, Peninsular Malaysia's best EEC customers are the Netherlands, the Federal Republic of Germany, the United Kingdom whose purchases of Malaysian products amounted to \$639 million, \$425.3 million and \$416.5 million respectively in January-August 1981.

On the import side, the roles are however reversed, with West Germany selling \$732.2 million worth of goods (+\$306.9 million), UK \$697 million (+\$280.6 million) and the Netherlands \$106.6 million (-\$730.4 million).

Whatever trade Peninsular Malaysia transacts with its Asean neighbours refers principally to its trade with Singapore which accounted for 12 per cent of total imports amounting to \$1.84 billion and 24.1 per cent of exports worth \$3.43 billion in January-August 1981.

In comparison, trade with the other Asean countries pales into insignificance: Peninsular Malaysia's exports to Thailand amounted to \$156.5 million, Indonesia \$99.7 million and the Philippines \$66.1 million. Imports from these countries were \$452.5 million, \$83.2 million and \$108 million respectively.

Another area requiring redress is trade with Australia and New Zealand which continues to enjoy favourable surpluses. Peninsular Malaysia's imports from these countries, mainly foodstuff, amounted to \$289.1 million and \$153.1

million respectively in January-August 1981. On the other hand, exports to Australia amounted to only \$284.3 million and to New Zealand \$50.9 million.

In trade with other Third World countries, Peninsular Malaysia has established potentially important markets in India, Pakistan, South Korea, Hong Kong and Taiwan, with exports amounting to \$430.1 million, \$191.3 million, \$258.6 million, \$287.6 million and \$80.3 million respectively in January-August 1981.

Exports to other countries in West Asia, Africa, South America and Scandinavia remained at insignificant levels.

In the socialist countries of Eastern Europe, the Soviet Union is a major market for Malaysian products like rubber, tin and palm oil, with total imports amounting to \$510.7 million.

Exports to other East European countries are substantially lower, for example, Yugoslavia (\$54.3 million), Czechoslovakia (\$47.1 million), Poland (\$30.2 million), Romania (\$29.2 million), Hungary (\$21 million), Democratic Republic of Germany (\$11.3 million) and Bulgaria (\$8 million).

Imports from the majority of these countries are still very low, ranging from generally below \$10 million with the exception of the Soviet Union (\$40.4 million), Romania (\$19.1 million) and Poland (\$15.4 million).

## HIGH LEVEL DELEGATION VISITS KUWAIT

Kuala Lumpur BUSINESS TIMES in English 30 Nov 81 pp 1, 20

[Text]

WHEN the Yang di-Per-tuan Agong and Raja Permaisuri Agong make their four-day official visit to Kuwait beginning Dec. 7, their entourage will include an economic delegation headed by Finance Minister Tengku Razaleigh Hamsah. Equally significant is the fact that the minister in attendance will be Datuk Seri Shariff Ahmad, Minister for Land and Regional Development. His ministry happens to be a major beneficiary of Kuwait's aid to Malaysia.

The visit, aimed at strengthening the cordial and close relations existing between the two countries, is to reciprocate the one made to Malaysia last September by the Emir of Kuwait, Sheikh Jaber Ahmed al-Sabah.

Officials at Wisma Putra see this visit as "very significant" in the light of the growing ties between the two countries which include economic cooperation on a significant scale.

It is significant that Tengku Razaleigh has been picked to discuss economic matters with

Kuwaiti officials, as he played a key role in forging closer economic ties between the two countries.

From his past visits to that oil-rich state and follow-up discussions at the official level have materialised such instruments of economic partnership as the \$350 million Malaysia Kuwait Investment Holding Company (MKIC) in which two Kuwaiti groups hold a total of 33 per cent equity share.

Kuwait has also been asked to take up a 30 per cent stake in the Petronas oil refinery project in Malacca, expected to come on-stream in 1983 while the MKIC will take up 10 per cent of the equity in the Pulau Langkawi cement project.

Malaysia has also benefited from loans extended by the Kuwait Fund for Arab Economic Development, which has channelled \$70.3 million in loans for two land development projects — the 73,000-acre rubber plantation scheme in Palong

and the 33,000-acre oil palm project in Trengganu Tengah.

The King's meetings with Kuwait dignitaries, sources said, will enable Tengku Razaleigh and Datuk Seri Shariff to explore the possibility of a greater inflow of petrodollars in economic ventures for mutual benefit.

Malaysia's purposeful ties with Kuwait started in 1975 when the late Prime Minister Tun Abdul Razak visited that country to lay the foundation for meaningful and mutually beneficial relations between the two countries.

During his visit two agreements were signed, namely the economic and technical cooperation agreement and the cultural and scientific cooperation agreement.

Wisma Putra officials said relations between the two countries were growing in importance as both countries, being situated in strategic areas, had similar fears and aspirations.

While Malaysia is a

member of Asean — an organisation which works towards regional economic development and stability — Kuwait is a member of the Gulf Cooperation Council (GCC) which runs on a very similar concept as that of Asean. GCC was formed at a summit in May this year.

This clearly indicates that both countries share the belief that economic stability is the best form of defence against social threat.

In fact the strengthening of Malaysia-Kuwait relations had been made possible because both countries believe in the concept of non-alignment, regional cooperation and Muslim solidarity, they added.

Perhaps it is these similarities that made Kuwait see Malaysia as the only country in South-East Asia to set up its embassy.

Meanwhile, an elaborate programme has been drawn up for the royal visitors during their stay in Kuwait.

## PRIVATE CORPORATION TAKES OVER MANAGEMENT OF SABAH AGENCY

Kuala Lumpur BUSINESS TIMES in English 1 Dec 81 p 6

[Article by Razak Lee in Kota Kinabalu]

[Text]

MALAYSIA'S multinational conglomerate, Sime Darby, has taken on the formidable task of sorting out the affairs of a huge state-owned plantation agency which, according to the Sabah government, "is suffering from a disease worse than cancer."

The Sabah Land Development Board (SLDB) has been dogged by corruption and mismanagement since it was established 12 years ago primarily "to develop land for the landless" in this wealthy East Malaysian state, according to official sources.

Sabah's Chief Minister, Datuk Harris Salleh, did not mince words when he asked Sime Darby to take over management of about 103,000 acres under palm oil, rubber, cocoa and coconut — about half of Sime's total Malaysian holdings.

The SLDB, entrusted with the responsibility of raising the incomes and living standards of tens of thousands of settlers through large-scale land development and resettlement schemes, had failed miserably, he said.

Spiralling administration costs, inept financial management and falling productivity in SLDB schemes had slowed down the tempo of land development alarmingly, he added.

Sime's chairman, former Malaysian Finance Minister Tun Tan Siew Sin, has pledged that "Sime will do everything we can to live up to our reputation."

He said Sime would have to mount a massive, almost superhuman, effort to put things right, adding that the vast and scattered agricultural areas in the large state increased the problems.

The SLDB lost about \$90 million last year, according to Datuk Harris. Plantation yields were the lowest in Malaysia — about one ton per acre against seven tons in the peninsula.

Sime's management contract runs for three years and its fee is believed to be about \$1 million a month — about \$2 per acre per month. SLDB also owns six palm oil mills and three bulking installations.

Sime, which turned down an approach to manage the board two years ago, has moved in a 10-man management team to take over.

The new chief executive, Mr John Anderson, was optimistic about overcoming the difficulties.

"I have met a large number of the

staff both in the office and in the field. Generally speaking, they are looking forward to the new management style and have assured the new team of their support," he told Reuters.

He saw Sime's chief role as being well within its management capability given the Chief Minister's support, though Tun Tan conceded that taking on the job would mean that Sime might have to dilute its executive capabilities in the plantation sector in Peninsular Malaysia.

There is no doubt that Sime has Datuk Harris' support. One reason why he apparently wanted Sime to run the board was because certain tough and unpopular commercial decisions would have to be made, according to informed sources.

Already, the board has been laying off hundreds of its 2,000-strong staff. As Datuk Harris put it, the SLDB was overstaffed with unqualified and unproductive personnel.

"From our investigations, we have found that some of the contracts awarded were unacceptably overpriced. Most of the contracts are also poorly specified and supervised," he added.

The former chairman of SLDB, Datuk Halik Zaman, was charged in August with receiving a total of \$321,500 in bribes. The case has still to be heard.

Datuk Harris said the decision to bring in Sime was "a bold move," marking the first time that a commercial enterprise in Malaysia had taken over management of a statutory body.

One SLDB policy facing the axe, according to officials, "is the fixed allowances" given to settlers regardless of their work.

This has apparently led to lower or, in some cases, no production, as some settlers lived off the allowance of about \$180 a month.

However, according to Sime Darby, the most immediate task was to develop the expertise of the "man in the field" and to conduct a programme of reassuring settlers that the SLDB concept was viable.

Officials here are hopeful that the \$143 million allocated to the board under Malaysia's current five-year development plan will be used under Sime's wing to execute the board's function of resettling the landless and peasants with uneconomic holdings.

## PRODUCERS SCOFF AT U.S. EXPLANATIONS OF TIN SALES

Kuala Lumpur BUSINESS TIMES in English 12 Dec 81 pp 1, 18

[Article by Charles Chan and Bob Teoh]

[Text]

AS PRODUCER countries brace themselves to face the crunch of US tin sales from the GSA stockpile next week, industry circles here yesterday scoffed at US explanations justifying their action and doubted their promise not to disrupt the world tin market.

They were convinced that, contrary to assurances, the US move — typical of their "so what" attitude toward the appeals and arguments put forward by producers — would have the effect of bringing prices down, posing grave socio-economic consequences to producer countries, particularly those which are totally dependent on tin revenue.

The US has applied to Congress for permission to dispose of 30,000 tonnes of tin in the overseas market over the next three years and a favourable decision is expected on Monday paving the way for the GSA to start selling its tin.

Just what is the US up to in its decision to dispose of such a substantial amount of its GSA tin?

There are two answers to every question raised over the proposed sales — one from an official of the US Embassy in Kuala

Lumpur setting forward the Reagan administration's stand and the other from an authoritative tin industry source echoing the view of producer countries.

In deciding to sell tin in the world market, the US argument is that current domestic consumption levels are unrealistic and by confining sales to the domestic market, it is artificially limiting bidders from its release, thus giving buyers an edge in getting tin at lower than the world market price. Therefore, its proposal to sell tin in the world market is to get the best possible price and also to raise funds for stockpiling other commodities needed for strategic purposes.

Producer countries have, however, pointed out that in practice the US has not shown that it is interested in getting the best price, citing the GSA practice of selling tin below the New York spot market. Also, the release of GSA tin in the world market would bring prices down, defeating the purpose of the intended sale.

The US has also pointed out that since sales began 17 months

ago, only 1,000 tonnes of tin or about one per cent of the annual world consumption had been sold, reflecting the responsible conduct of the US in not wanting to disrupt the market.

The producers' rejoinder is that this reflects not US responsibility but the weakness of the market with an overhanging surplus of 12,000 tonnes. There is thus no justification at this juncture for the GSA to move into the world market.

The US considers the internationalisation of its tin sale programme as a technical change which requires no consultation with producers.

Poppycock, say producers. If it is a technical change, why refer the matter to Congress for approval? Producers pointed out that when the US dropped the procedure requiring buyers to submit tenders with sealed bids and opted for "off the shelf" sales at prices quoted by the GSA — Congressional approval was not needed for this "technical change."

But selling tin in the world market, contrary to its long-standing practice, is definitely more

than a technical change in the sale procedure.

Another US contention is that the proposed sale is merely stepping up a programme of GSA tin disposal, on which the US had already held discussions with producers in 1980.

The producers' reply to this is that no agreement was reached at such discussions.

Both sides seem to have a different definition of consultation.

The US practice has been to inform producers of its intention to sell tin after going through the lengthy congressional process. In the present case, it also holds the view that since no basic change is involved, it is not necessary for the US to formally consult the International Tin Council.

On the other hand, the producers cite Article 43 of the ITC constitution which stipulates that members planning to dispose of their strategic tin stockpile should consult the Council about its plans.

"To us, consultation



means they talk to us about their plans in the council, hear our views and accommodate or compromise with producers regarding amount, timing and other relevant procedures," the industry source said.

As a leader of the tin industry, Malaysia has shouldered the role of moderating the demands of other producers while acting in concert with

them to safeguard mutual interests. As such, it has always held the view that it is the sovereign right of the US to sell its GSA tin, provided that it is done in a manner not to disrupt the market.

But, Bolivia, totally dependent upon tin as a source of revenue, is adamant the US does not have such a right. The

200,000 tonnes accumulated in the GSA stockpile came mainly from the sweat and toil of Bolivian workers during and after World War Two under an agreement reached between the two countries in which US aid to Bolivia was promised.

The US has given an assurance that although it has the authority to sell 30,000 tonnes of tin in 36 months, "it does not mean we have to accelerate our sales to make up for the 3,000 tonnes sold so far."

Producers aren't satisfied with such an assurance as the US has shown that it does not always keep its promises. They recalled that when tin sales began 17 months ago, the US had assured them that it was only for domestic consumption.

The embassy official also recalled that in 1977 when Datuk Musa Hitam was the Minister of Primary Industries, he asked the GSA to sell tin when the price was high. A similar request was also made by the Indonesian Minister.

"We are doing exactly what they asked us to do," the official pointed out.

The tin industry source gave a different version. He said Datuk Musa asked the GSA to sell tin in 1977 because there was a serious shortage of tin in the world market, not merely because the price was high. For the record, the GSA took such a long time to get congressional approval that when it final-

ly received the green light, the situation had changed and no sale took place.

The source also pointed out that the current price (\$35.34) could not be considered high even though it is in the upper range of the ITA. Production cost of gravel pump mines for the second half of the year amounted to \$34.98 per kilo average.

Another counter argument is that with the present overhanging surplus of 12,000 tonnes, the release of 10,000 tonnes a year would definitely disrupt the market. At a rough estimate, it would mean a loss of \$300 million in revenue to producer countries.

"The US has always been giving us trouble since they were out of the first four ITAs and even after they joined the Fifth ITA. We have accommodated their demands for a higher buffer stock in the Sixth ITA but in spite of that, they have decided to stay out. I think it is better for producers if the US was to stay out of future ITAs," he said irritably.

Meanwhile, according to sources, the application for tin sales on the world market by the GSA may not be approved on Monday. The reprieve is only temporary.

It is believed that Bethlehem Steel has opposed the move to sell tin at the world market price and its appeal will be given a hearing by the Congressional Armed Services Committee.



## CONSTRUCTION OF BINTULU LNG PLANT PROCEEDING ON SCHEDULE

Kuala Lumpur BUSINESS TIMES in English 14 Dec 81 p 1

[Text]

THE construction of the multi-billion ringgit natural gas liquefaction plant at Tanjong Kidurong, Bintulu, is progressing smoothly. About 76 per cent of the construction work required in the first phase of the project has been completed.

This phase accounts for 90 per cent of the entire project, consisting of such common facilities as the cooling water system, LNG storage, gas intake and process module or train number one.

By the middle of next month, when about 82 per cent of the phase is expected to be ready, the commissioning of individual units making up the giant plant will begin.

The construction of the project is being undertaken on a joint venture basis by JGC Corporation of Japan and M.W. Kellogg (formerly Pullman Kellogg) of the United States. The entire project when completed is estimated to cost between US\$1.4 and US\$1.5 billion (M\$3.2 to M\$3.5 billion).

Disclosing this to the *Business Times*, the managing director of Malaysia Liquefied Natural Gas (MLNG), Encik M.B. Hashim said that

the plant should be able to run as a complete unit by September.

The work schedule is being closely observed since the construction started in November, 1979 to ensure that by November next year at the latest, the plant will start processing gas for first shipment on Jan. 1, 1983.

Up to this point, two of the four critical stages in the construction of the plant have been completed, namely detailed engineering and the fabrication of equipment.

The third critical stage — transportation and erection of the plant — is partially complete. The final critical stage, according to the builder, is the commissioning of the plant.

*Business Times* visited the site of the plant, where some 2,000 people ranging from top flight engineers to ordinary unskilled labourers from Malaysia, Japan, South Korea, the USA, Britain and Netherlands are employed, in what is the country's single largest development project.

The plant's three processing modules will commence production in three stages starting with the first unit at the

end of next year, the second unit in May, 1983 and the third in August the same year.

In the first year, the plant is expected to produce 1.5 million tonnes of LNG, three million tonnes in the second year and 4.5 million tonnes in the third. At full capacity it will produce six million tonnes a year.

The pricing of the gas remains a closely guarded secret. Encik M.B. Hashim said however that the basis on which the price would be determined had been agreed with the consumers — Tokyo Electric and Tokyo Gas.

It is calculated that based on what other LNG producers are charging currently, the plant, at full capacity, should be able to gross \$2 billion annually.

Tokyo Electric, the larger of the two buyers, will take up two-thirds of the output. The two Japanese companies are building a receiving terminal on the Tokyo Bay at the cost of about US\$500 million.

By the time the project is completed, between US\$300 and US\$350 million would have been spent locally on materi-

als, equipment and manpower.

To ensure that other related facilities — the supply of raw gas and the construction of the loading terminal — are completed on time, MLNG is maintaining close cooperation with authorities undertaking these projects.

Petronas-Shell will supply the gas to the plant while the Port Authority of Bintulu is building the terminal. These two related facilities have to be completed simultaneously with the LNG plant.

Encik M.B. Hashim said that to prepare for the commissioning of plant, almost all MLNG staff would move to Bintulu from the middle of next year. In the end only the treasury will remain in Kuala Lumpur.

The company has started recruiting and training technical and managerial staff to run the plant. At full capacity it is expected to employ 550 people.

It has so far recruited over 20 local engineers, many of whom are on training abroad. Technical staff are also being trained at the company's own training school in Bintulu.

## SWISS-MADE PILATUS TRAINERS ORDERED FOR RMAF

Kuala Lumpur NEW STRAITS TIMES in English 11 Nov 81 pp 1, 7

[Text]

**ALOR STAR, Tues. —** The RMAF will replace its Bulldog training aircraft with Swiss-made Pilatus PC7 for its basic training programmes.

The commander of the Air Support Command, Brig. Jen. (U) Mohamed Muslim Ayob, said the basic pilot training school at Kepala Batas, 11 km from here, would begin training with the new aircraft in July 1983.

Conversion to the new aircraft was expected to be completed by end of 1983, he told reporters after its annual inspection of the Kepala Batas base.

Forty-four Pilatus PC7 turboprop aircraft have been ordered by the RMAF, he said, the first six of which will arrive in January 1983.

This would be followed by the delivery of at least three aircraft each month until the end of the year.

Thirty-five of the aircraft would be based at the basic pilot training school and nine at the instructors' training school, also at Kepala Batas.

Brig. Jen. Mohamed Muslim said five instructors would be sent to

Switzerland in November next year for training and on their return, they would train instructors and trainee pilots.

RMAF technicians would also be sent to Switzerland, he added.

**\$120 million**

Total costs, including spares, training and maintenance for the new aircraft would amount to \$120 million. Each aircraft costs \$3 million.

Brig. Jen. Mohamed Muslim said the government had approved \$7 million for the construction of hangars, buildings and service depots for the Pilatus at the base here.

He also said the RMAF basic flying school would train 120 pilots annually with two intakes of 60 cadet pilots.

Each trainee pilot would have to log 180 flying hours and later (by 1985) between 30 and 40 armament flying hours, he added.

He said armament flying training would be a must by 1985.

Brig. Jen. Mohamed Muslim also said the RMAF was in the process of setting up an air force reserve similar to the army and navy reserves.

He said the air force reserve, to be based at Kinrara, was expected to be operational by 1984.

The air force reserve would use the Bulldog trainers to be phased out from the strength of the Kepala Batas flying school.

Brig. Jen. Mohamed Muslim said university students would also be invited to join the reserve force.

He said members of the reserve force would be given adequate training to enable them to serve alongside the regular members when necessary.

**Course**

Earlier, Brig. Jen. Mohamed Muslim presented certificates to 12 officers who had completed their six-month flying instructor's course at the Kepala Batas flying school.

Six of the officers will be stationed at the flying school here, five at the helicopter flying school in Kluang, Johore and one will return to his unit in Butterworth.

Brig. Jen. Mohamed Muslim later opened the second flying instructor's course for 12 officers. — Bernama.

## ARMORED PERSONNEL CARRIERS FROM BELGIUM

Kuala Lumpur NEW STRAITS TIMES in English 28 Nov 81 p 5

[Text]

**MALAYSIA** has signed an agreement with BN Construction Ferroviaires et Metalliques of Belgium to purchase Sibmas armoured personnel carriers.

The deal was signed here last Tuesday, sources said.

However, what is not known is the number of carriers that have been purchased, the cost, and the date of delivery.

Sources said the Cabinet gave the green light to the purchase some time ago.

The managing director of the company, Mr O. Branchart, had arrived here last Monday but it was not known at that time the reason for his visit.

He had refused to comment whether his company had clinched the deal but added that the Defence Ministry would be making an announcement.

Mr Branchart had said that he was in this country to attend to some very important appointments.

The signing of the agreement marks the part-ending of a four-year affair when Malaysia first decided to buy the armoured fighting vehicles to strengthen its combat capability in terms of conventional warfare.

Malaysia is still awaiting the green light from the West German government on its intended purchase of medium-weight battle tanks and armoured personnel carriers from Thyssen-Henschel.

Sources said West Germany's restrictive arms exports policy was holding up the deal to buy the vehicles.

If a negative answer is given, then Malaysia will look elsewhere for the arms.

### Models

The sources said the country's arms buyers were meanwhile looking at other models as they did

not want the delay on the part of the West Germans to hold back plans for the modernisation of the army.

With this position, Malaysia would be able to order the intended arms from other sources instead of having to wait longer if West Germany said "no".

During the four years, various models, including that from established firms as Panhard, Mowag, Savign Creusot Loire and Engesa, were tested for the multi-million dollar contract.

After the Government's decision was made known, manufacturers claimed that unfairness and foul-play had occurred in the tender exercise.

They said the Sibmas was a prototype and had never been in full production.

However, Deputy Defence Minister Abang Abu Bakar said in Parliament this week that the question of the Sibmas being a prototype "does not arise".

The manufacturers' uproar is believed to have prompted the Treasury to re-open the tender bid on an equal basis to all the original bidders.

When the tender was re-issued, the manufacturer's demand that detailed technical requirements be spelt out was found to be over-fulfilled — only one vehicle, the Sibmas, fitted the specifications.

Agents, who attended the Treasury meeting, complained that the tender specifications had been tailor-made for the Sibmas.

The *Far Eastern Economic Review* reported recently that the Malaysian Government had stopped the purchase of 165 Sibmas carriers and a number of army officers were being investigated for corruption in connection with the deal.

The *New Straits Times*, however, reported, quoting sources that the Government had given the go-ahead to the deal on Nov. 9.

## LUMUT NAVAL BASE NEARING COMPLETION

Kuala Lumpur NEW STRAITS TIMES in English 11 Dec 81 pp 1, 3

[Text]

**LUMUT, Thurs.** — The \$1.4 billion naval base under construction here will be one of the biggest and most sophisticated in the region when it becomes fully operational in 1985.

Speaking to reporters after spending half a day touring the base, Datuk Seri Dr Mahathir Mohamad said the facility would be crucial for national defence because of Malaysia's long coastline and the vastness of the South China Sea that separates Sabah and Sarawak from the Peninsula.

Datuk Seri Dr Mahathir, who is also the Defence Minister, said the Royal Malaysian Navy would be equipped with high technology and sophisticated naval defence facilities that would make it one of the most modern in the region.

Included in the inventory are four Spica M fast strike craft for prevent-

ing seaborne invaders from landing in strength, four Italian-made mine sweepers now under construction and a degaussing range that cuts down a ship's magnetism, thus reducing the chance of it tripping a mine.

Datuk Seri Dr Mahathir also said the mine sweepers being built by the Intermarine shipyard at Sarzana, Italy, would be delivered on schedule.

It had been reported that the mine sweepers, costing \$100 million each, might not be delivered because they could not pass under a low bridge spanning a river between the shipyard and the open sea.

Datuk Seri Dr Mahathir said, "It's all right. They will pass under the bridge. I can assure you."

He also confirmed that the West German Thyssen Rhein Stahl Technik company had been awarded a \$550 million contract to build the RMN shipyard at the base here.

Initial survey work has begun and construction will start early next year in a joint venture with a local partner.

The naval base will become fully operational once the shipyard — for repair, maintenance and refurbishing jobs — is ready at the end of 1984.

The Prime Minister said the progress made since his last visit two years ago "is encouraging".

KD Pelandok, the RMN training centre, is 95 per cent complete and has already started to train personnel of all specialisations.

The operational harbour and tank farm and ammunitions dump are also near completion.

Although 1985 is the target date, Datuk Seri Dr Mahathir said he hoped the naval base could be ready by the middle of 1984 and its costs kept within its \$1.4 billion budget.

When construction began in July 1974, the base was estimated to

cost only \$450 million. It was expected to be ready this year.

The Prime Minister said although \$1.4 billion was a high figure it was not costly when compared to the current development expenditure for other projects.

The base, taking shape on a 2,000-acre site and ringed by four hills and the Straits of Malacca, can accommodate up to 30,000 personnel.

Construction of high-rise, prefabricated flats for families and bachelors is underway and 70 and 60 per cent respectively, have been completed.

Tenders are also being called for the construction of a logistics depot, administrative offices, a supply depot, a hospital and other ancillary facilities.

The Prime Minister was given a briefing by Komodor Harun Salleh, Assistant Chief of Navy (Manpower), and Kepten N. E. Peterson, Commandant of KD Pelandok.

## COLLABORATION AMONG MUSLIM COUNTRIES, PAKISTAN'S ROLE

Islamabad THE MUSLIM in English 24 Dec 81 pp 4, 5

[Article by Dr. Sheikh Aleem Mahmud]

[Text] FOR MUSLIM countries collective action by OPEC is an excellent model for forming other commodity associations aiming at improving the terms of trade with the developed countries, and for building a potential pool of financial resources to further the Muslim countries' economic objectives.

Collective self-reliance among the Muslim countries is necessary not only to secure a greater utilisation of their resources but also to strengthen their position in the framework of global interdependence. The establishment of a new and just economic order based on the common interest and cooperation of all Muslim States can only be achieved through their equitable participation in the production and exchange of goods and services.

The spirit of solidarity would be strengthened by the idea that the Muslim countries have something to offer to each other, even at an early stage of development. The collaboration of Muslim countries should not be in the form of donors and recipients, but an assembly of developing countries committed to sharing their experience with each other. The designing of cooperative programmes between Muslim countries should be in accordance with their own priorities, which would utilise their capacity to the fullest possible extent and would assist in achieving their national and collective self-reliance. The potential for technical and economic cooperation among the Muslim countries is immense and its scope would broaden in the future. Exploiting their potential should be a key element in the strategy of the Muslim countries in the promotion of collective self-reliance.

The governments of the developing Muslim countries should adopt, in order to accelerate industrialisation, all measures which would ensure the exercise of their national sovereignty over their natural resources and the full utilisation of these resources and of human and material potential at their disposal not only at the national level but also within the framework systematic economic cooperation. Some of the other measures for the consideration of the Muslim countries are as follows:

(i) For effective utilisation of available human services, conditions should be created by the Muslim countries which make possible the full integration of women in social and economic activities and, in particular, in the industrialisation process, on the basis of equal rights.

(ii) Raise the general cultural standard of the peoples, in order to have a qualified work force not only for the production of goods and services but also for management skills, thus making possible the assimilation of modern technology.

(iii) Effective control over national resources and the harmonisation, transformation and marketing - indispensable conditions for economic and social progress.

(iv) Special attention should be given to least developed countries, by Muslim countries having sufficient means at their disposal, which should enjoy a net transfer to resources from the more developed Muslim countries in the form of technical and financial resources as well as capital goods, to enable the least developed countries in conformity with the policies and plan for development and to accelerate their industrialisation.

Consideration must be given to the establishment of appropriate mechanisms for regular consultation with a view to adopting new concrete measures.

(v) Sharing of experience in industrialisation and technology by those who have already acquired this know-how. This knowledge may be of greater relevance than that which is acquired from highly developed areas. Cooperative arrangements and innovative programmes are required for transmitting relevant technology and technical managerial skills, particularly to the less industrialised Muslim countries, through the establishment of regional and sub-regional institutional machinery. The experience shared should include experience in dealing with foreign investment and transnational cooperations with a view to harmonising and coordinating policies in this respect.

(vi) Preference to be given, as far as possible to imports of goods produced by the less industrialised brotherly countries.

(vii) In the least developed countries, the creation of production facilities involving a maximum utilisation of local human resources for assuring a convergence between local resources use and needs as well as offering adequate employment opportunities (social requirements).

(viii) The Muslim countries posing non-renewable resources such as oil and gas should formulate a policy of economic diversification with a view to acquiring other means of financing which are not based on intensive exploitation of those resources.

(ix) All Muslim countries should fully and effectively participate in



the international decision making process on monetary questions and share equitably in the benefit resulting therefrom.

(ix) They should undertake joint action in order to strengthen their negotiating position vis-à-vis the developed countries regarding the principal commodities exported by them and establish a mechanism for consultation and cooperative among the various producers associations as a precaution against any economic or other form of aggression.

(x) They should use effective means of strengthening their bargaining power individually and collectively to obtain favourable terms for the acquisition of technology, expertise, licences and equipment as well as fair and remunerative prices for their primary commodities.

(xi) Integrated and multisectoral approach should be made to industrial development whereby the technological and the social-economic implications of the process are fully taken into account at both the planning and implementation stages.

(xii) Muslim nations should pay particular attention to the development of basic industries such as steel, chemical, petrochemicals and engineering, thereby consolidating their economic independence while at the same time assuring an effective forum of import substitution.

(xiii) In view of the basic complementarity between industry and agriculture, every attempt should be made to promote agro-based and agro-related industries which besides arresting the exodus from the rural areas and stimulating production activities, will provide an incentive for the establishment of further natural resource-based industries.

(xiv) A new educational system be adopted in order to give young people take to industrial jobs. Training activities linked with industrial development must be conceived in such a way that they make possible the processing of natural resources and other raw materials in the country of origin and the establishment of permanent structures for specialised, large-scale and high quality training of national labour at all levels and for all professional specialisation whether technical or managerial.

(xv) Coordinate programmes of literacy and workers training (Open University and adult education types) must be conceived to ensure professional promotion and development of local expertise at all levels of employment.

(xvi) Organise research insti-

tutions like the PCSIR and establish training programmes to cover the needs of their industrial development and make possible progressive mastery of the different production and management techniques and of industrial development, thus facilitating the establishment of structures to absorb modern technologies.

(xvii) Create national, regional and inter-regional enterprises in the field of maritime transport, capable of competing with enterprises in the developed countries and the transnational corporations' merchant fleets, with a view to promoting the development of trade between Muslim countries.

(xviii) Muslim nations should create an industrial development fund and strengthen institutions responsible for the promotion of economic cooperation among them.

(xix) A Joint Ministerial Commission should be set up with the effective participation of the various Muslim countries to promote technical and scientific cooperation in the field of research and development in agricultural and industrial know-how management, etc.

(xx) Muslim countries should undertake assembly-cum-progressive manufacture of medium and large size production programmes.

(xxi) Arrangements should be made for the flow of information among the investment policy-makers the various Muslim countries.

(xxii) Participation under the partners' banking system should be encouraged among Muslim countries.

(xxiii) Regular exchange of journalists, artists, scholars, educationists, sports, cultural and women's delegations and mass media officials should be encouraged to further strengthen the existing cultural relationship between the peoples of various Muslim countries.

(xxiv) The exchange of various commodities among Muslim countries should be channelled directly rather through the third parties.

(xxv) Non-banking financial arrangements among the Muslim countries should be encouraged on the pattern of Pakistan and Libya and Pakistan and Kuwait.

(xxvi) Regional food reserves should be created to ensure against shortages.

(xxvii) Necessary improvement in the agricultural infrastructure and the transport facilities should be carried out among Muslim countries.

(xxviii) Assistance should be provided to the Islamic countries affected by natural calami-

ties such as droughts, floods, etc.

(xxix) Ways and means should be devised for tackling such problems as deforestation, desalination, waterlogging and salinity.

(xxx) An Islamic Chamber of Commerce, industry should be established and steps taken to lower tariff barriers among Muslim countries and joint ventures undertaken.

(xxxi) Trade fairs and exhibitions should be held in Muslim States to promote and to market their products in order to expand of trade among themselves, and in this context a scheme for standardisation should be undertaken.

(xxxii) Appropriate policies and programmes should be chalked out at the national and regional levels conducive to rapid industrialisation, as an indispensable element and a dynamic instrument of self-sustained growth, by strengthening, expanding and diversifying the industrial capacities of Muslim States.

(xxxiii) Bilateral and/or multilateral agreements of industrial cooperation among Muslim States should be concluded for augmenting their industrial production and achieving industrial complementarity and by adopting economics of scale with a view of strengthening the manufacturing capacities and accelerating the process industrialisation so as to achieve collective self-reliance.

## PAKISTAN'S ROLE

Pakistan has always lent its support to the concept of national and selective self-reliance through concrete and tangible forms of cooperation among brotherly Muslim countries and has played an active part in promoting this idea at all international forums. A technical assistance programme has been introduced by Pakistan to assist other Muslim countries in fields in which it has attained proficiency. Pakistan wants to participate in the industrial development of other Muslim countries. This desire conditioned by its scarce capital resources. Joint ventures abroad are by and large possible only on the basis of technical know-how, consultancy and management services and export of raw material.

Pakistan exports to Muslim countries include cotton fabrics, cotton yarn and threads, tarpaulin tents, canvas, railway wagons, henna leaves, toys, vegetables, sports goods, rice, spices, tobacco (manufactured and raw), semi-finished leather and leather goods, typewriters, blankets, socks, hosiery, readymade garments,



handicrafts, electrical and non-electrical goods, hardware, cutlery, surgical instruments, carpets, musical instruments, etc.

Pakistan has developed considerable experience and technical expertise in various industries. It can participate with other Muslim countries in fields such as construction industry, engineering, machine tool industry, metal industry, electric machinery and equipment, dehydration plants, glass sheet and bottle making, canning industry, sugar plants, yeast plants and some chemical industries in which Pakistan has considerable industrial capacity. It can also participate in the processing of agricultural products such as edible oil, sugar, tobacco, etc. There are firms in the private and public sector which are capable of rendering assistance to other brotherly Muslim countries in various sub-sectors.

Pakistan is now producing some capital goods which mainly consist of sugar, cement, textile (weaving and winding machinery) vegetable glue, plants tanneries, agricultural machinery and electrical equipment. Expertise in the fields of re-rolled steel, cement blocks, bricks of various types, prefabricated concrete beam-masonry and craftsmanship is also available. Concrete electric poles and part of its manufacturing equipment (cement mixers, pumps, conveyors, lifting cranes) can also be supplied. Pakistan is ideally suited to transfer the food industry technology through personnel and plant. Facilities for the planning, fabrication and installation of biogas plants, packing of dates technology, plants for the manufacture of tin cans, livestock feed, rice cleaning and polishing, flour milling, biscuit manufacturing, beverages and cigarette plants can also be made available.

Pakistan is in a position to help brotherly Muslim countries in properly exploiting their economic potential. Regional and bilateral cooperation can help mitigate the economic hardship of the developing Muslim nations.

There is a wide scope and opportunities for bilateral cooperation particularly with regard to extending technical assistance.

Training facilities in the field of textile research and development, engineering, metal working including manufacture of dies, moulds and parts thereof, leather, general management, technical training centre, training centre for oil refining, manufacture of lubricating oils and asphalt, training cum-facility centres on turnkey basis in light engineering, leather tanning, footwear, textiles, wood processing and metal development, training of semi-skilled workers, dairy farming, etc. can be offered.

IACP is capable of undertaking studies for the establishment of technical training centres for light engineering industries and developing training centres, identification of investment opportunities, feasibility studies, project implementation, management and training, marketing, construction, etc. Experts in cement, fertilizer and textile industries can be supplied to brotherly Muslim countries.

However, it must be pointed out that Pakistan is only in a position to enter into a joint venture under some trilateral cooperation, whereby Muslim countries with surplus capital or international financing agencies, could provide the financial resources, Pakistan the know-how, and the recipient country the local resources.

On the other hand, investment in Pakistan from brotherly Muslim countries in the following fields should be welcome:

Cement, newsprint, glass and glass products, agricultural machinery and parts, machine tools, boilers and compressors, electrical machinery and instruments and appliances industries air-conditioning and refrigeration, telecommunications, electronic equipment and devices and components, drugs and pharmaceuticals (basic manufacturing), inorganic chemicals, dyes and pigments, fertilizer (phosphatic), petrochemicals, etc.

## FOREIGN MINISTER COMMENTS ON NUCLEAR PROGRAM, U.S. AID

Kuala Lumpur BUSINESS TIMES in English 17 Nov 81 p 6

[Interview by Mohammad Idrees]

[Text]

**Pakistan's Foreign Minister, Agha Shahi, denies that Pakistan is engaged in an Islamic Bomb project or that it is receiving aid from Libya or other Muslim countries for that purpose, Third World Media reports in this interview.**

**QUESTION:** At a time when so much has been written about Pakistan acquiring nuclear weapons or nuclear weapons capability, what is the truth — if you want to state it from the record — about Pakistan's nuclear programme?

**ANSWER:** The truth is well-known. We are engaged in enriching uranium on a basis of self-reliance. I have repeatedly challenged those quarters which say that Pakistan is engaged in an Islamic Bomb project or that it is receiving aid from Libya or other Muslim countries. To prove it — and none of them has been able to do so — I have been assured by the United States administration that they reject any charges that Pakistan is engaged in the production of a Islamic Bomb or that it is being aided by foreign countries. The Reagan administration has advised Congress to this effect but nevertheless there are interested quarters which persist for their own ulterior reasons in continuing to bring these charges against Pakistan.

Now our programme is a peaceful one. We have — I can state categorically — no plans for the manufacture of nuclear weapons. And, we have said that we will not transfer whatever we know about uranium-enrichment technology to other countries and that our programme is entirely peaceful. We are ready

to accept full-scope safeguards, that is to throw open our nuclear facilities, including the uranium-enrichment plant, on a non-discriminatory basis provided other countries also engaged in reprocessing or uranium enrichment are prepared to accept international inspection.

**Q:** What assurances or guarantees have you given the Americans on the question of nuclear non-proliferation?

**A:** The Americans are aware of the fact that we are ready to participate in the establishment of a nuclear weapon free zone in South Asia, which means that the countries of South Asia would formally and solemnly renounce the acquisition or possession of nuclear weapons and that they would open all their nuclear facilities to international inspection. Because India does not agree to this, this proposal, which has the endorsement of the United Nations, cannot go forward. We have made other offers to India, such as inspection on reciprocal, bilateral basis — and India has rejected even this possibility.

We have suggested that at least Pakistan and India could issue a joint statement renouncing any intention to acquire nuclear weapons. We have not made a headway on this either. Perhaps we took a step forward when, in the joint statement during the visit of the Foreign

Minister of India, India and Pakistan stated that they would use nuclear energy only for peaceful purposes. We are prepared to go beyond this position provided India is willing.

The United States has taken note of all these developments and our efforts to contain the proliferation of nuclear weapons but we are not sure to what extent the United States Congress, particularly the House of Representatives, would be willing to reappraise its own past position. As you know, there are forces in the United States which want to single out Pakistan for discriminatory treatment in the name of non-proliferation.

**Q:** You say that Pakistan's nuclear programme is essentially peaceful. When and if this subject was discussed with Mr. Backley in Islamabad, what kind of credibility did you have with the Americans on the question?

**A:** I drew Mr Backley's attention to the joint statement between us and India that the two countries will use nuclear energy only for peaceful purposes. And then I told him, we are aware of the position of the US government in regard to our programme. We have taken note of what they have said — that it would create great difficulties for the US administration in implementing any agreement reached between us and the United States about the sale of military equipment if Pakistan did something, anything, which would embarrass the US administration. We have taken note of their views.

**Q:** Would you like to indicate the under-

standing that you have reached with the Americans on the US\$3 billion aid package?

A: In a nutshell, this is an agreement to enable Pakistan to purchase from the United States some urgently needed items of defence equipment for Pakistan. As you know, America has placed an embargo for 15 years. It was lifted for a short time, reimposed on one account or the other, in particular, because of our peaceful nuclear programme. So, therefore, we welcome a clear decision by the Reagan administration and a recognition of Pakistan's need for some defence equipment. It is not a military relationship that we are entering into with the United States nor has the United States imposed prior conditions, such as entering into a military alliance. We have explained that such alliances are now contrary to our policies of non-alignment and that we would be in no position to give any military bases to the United States, that we stand committed to the position taken by the Gulf countries that the security of the Gulf is their own responsibility. We support them when they call for the removal of the superpower military presence from the region of the Gulf. So it is on a new basis that we have entered into an entente with the United States — on a basis of sovereign equality, on the full respect by the United States for the non-aligned position of Pakistan and its commitment

to Islamic and Arab causes.

Q: In your assessment, what would be the American compulsion now to lift the embargo on military sales to Pakistan? I refer in particular to the Symington Amendment.

A: It is because the United States has come to realise that the Symington Amendment was discriminatory. Only Pakistan was singled out for punitive action. President Carter made an exception in the case of India, even when the Symington Amendment was applicable, when he decided against the advice of the Nuclear Regulatory Commission to supply India with over 10 tons of enriched uranium. So also the United States has come to realise that the problem of non-proliferation cannot be addressed selectively and in a discriminatory manner nor can the imposition of sanctions against particular countries bring about the desired result.

Q: What is the latest situation regarding Indian protests about Pakistan acquiring more weapons?

A: I hope that a continuing dialogue with India will lead to a better understanding on their part of the justification for Pakistan's acquisition of F16s. We are confident that we should be able to convince them that the limited number of aircraft that we are acquiring would in no way constitute any threat to India, particularly when they have MiG-23s, Jaguars and propose to acquire Mirage-200 apart from other acquisitions that they may be contemplating from the Soviet Union. — Third World Media

# EXPORT PROCESSING ZONE NEARS COMPLETION

Kuala Lumpur BUSINESS TIMES in English 1 Dec 81 p 6

[Article by Ibrahim Khan in Karachi]

[Text]

WORK is nearing completion here on an export processing zone in which foreign and local investors can set up businesses without many of the restrictions imposed in other parts of Pakistan.

The special zone is aimed at attracting local and foreign investment, encouraging an inflow of modern technology, creating employment and boosting exports, which rose 25 per cent in the year to last June to nearly US\$3 billion.

Since the project was announced nearly three years ago more than 350 letters of intent have been received from entrepreneurs in the United States, Canada, Britain, West Germany, France, Italy, Japan and other nations.

A spokesman for the state-run Export Processing Zone Authority said it had so far received more than 50 firms' bids to set up business and about 20 of them had been approved.

The zone is not scheduled to become fully operational until 1983 but, by early next year, roads, electricity and other infrastructure for the first 200 acres will be complete.

All investments and payments within the zone must be in foreign convertible currencies. No restrictions will be imposed on Pakistani investors residing overseas provided they made their investment from their earnings abroad on a non-repatriable basis.

No restrictions will be imposed on the shares of non-resident Pakistani investors in the holdings of a joint venture within the zone, the spokesman for the authority said.

Exports from the zone will be free from foreign exchange controls. Investors will also be able to export merchandise overseas without obligation to repatriate their export earnings back to Pakistan, he added.

A number of warehouses will also be set up

in the zone mainly for use in exporting finished products.

Foreign exchange for free-of-duty imports of machinery, raw materials and other requirements will have to be provided by foreign parties.

Fifteen businesses, from Japan, the US, Britain, the United Arab Emirates and several other countries, have already started work on their sites at a total investment of about US\$70 million.

The spokesman said it was hoped that the first group would start producing garments, chemicals, electronic goods and ceramics by the middle of next year.

Eventually, the first phase of the zone will accommodate 250 businesses.

To protect foreign investors from double taxation, Pakistan has signed agreements with 13 countries, including the US, Japan, Denmark, Britain, West Germany and Po-

land.

Initially, investors will get a five-year tax grace. After that, only 25 per cent of the normal tax rate applicable in the tariff area of Pakistan will be levied.

Other incentives to encourage potential investors in the zone are the guarantee of full repatriation of profits and capital and the freedom to hire and fire that will allow investors to terminate the services of workers on one month's notice.

— Reuter

## EDITORIAL DISCUSSES AGRICULTURE IN BALUCHISTAN

Quetta BALUCHISTAN TIMES in English 18 Dec 81 p 3

[Editorial]

[Text]

Baluchistan areawise is the biggest province of Pakistan but it has a scattered population. This province is strategically, important region of the country and has unique features in many sectors. It is rich in natural resources and mineral wealth and its soil too is most fertile. However, shortage of water is hindering its agrarian developmental progress to the desired extent. Even then this province possesses great scope, and potential for boosting agricultural production. Its fertile lands were barren because of acute scarcity of irrigation water. For years, required attention was not paid, towards tapping the water resources for utilisation in connection with achieving better production in the agricultural sector. However, the situation has now started taking a healthy turn in this important field too. Attention is being devoted towards this sector. Efforts to channelise the existing water, resources and tapping whatever water sources are available on the surface have started, yielding dividends. Not only this but installation of tubewells have started bringing, a green revolution in the province.

Availability of water and electricity, are most imperative ingredients for boosting agrarian production. Tubewells along with electrification of rural areas have brought a happy change in various regions of the province. The electric supply has been conn-

ected with the national grid as a result of which an impetus has been provided to the efforts for installation as well as running of tubewells, to pull out water even from a considerably depth for judicious utilisation for agrarian production. At various places green revolution seems to be in the offing. The instance of Mangocher Valley is a splendid example in this context. In this valley signs of agriculture production were not visible but now green fields are seen everywhere. Orchards, possessing trees loaded with fruits, speak of the success of agricultural sector in this region. This valley in the Kalat district has taken strides in the agricultural sectors and has thus is a source of emulation for other such regions in the province. Similarly some other areas have made considerable progress in this vital sector. Kuchlak valley is also included in those areas where a breakthrough in agricultural has been achieved. The difficulty in the context of maintaining the agricultural production, however, is that aqueducts made for providing irrigation water to the agricultural fields are drying fast. Unless alternate source is found, maintaining the tempo of agricultural production would become difficult. In view of the situation prevailing in the water resources sector in the province, no option is left but to instal more and more tubewells in the province. This is possible only if electricity reaches comparatively more number of villages.

Nasirabad district of Baluchistan province is also very fertile and proper attention towards it can result in substantial increase in the agrarian production. This area is basically suitable for wheat production and a large tract of fertile lands of Pat Feeder are also part of this district. We appreciate that the provincial Government is extending all possible assistance, technical as well as financial, to the farmers to induce them to produce still more wheat. But people must also play their due role in this important task. Government efforts towards this direction can be supplemented by



the people through formation of agricultural farm societies. These societies should devise ways and means to accelerate the pace of agricultural production in the province. Maximum bank facilities should also be provided to the farmers enable them to overcome their financial hardships and stringencies.

Another pre-requisite to enhance agricultural as well as fruit production is that modernised and scientific farm techniques, should be introduced in the province and, high yielding seeds used to achieve even better results. This year Baluchistan province has shown very encouraging results in wheat production and has even exceeded the target. This process should continue and every year production should supercede the previous year's achievement. Proper measures should also be taken to develop orchards on scientific lines. If full capacity of the, orchards are utilised, then the province can become fruit export house for the Middle Eastern countries. Efforts should be made applying all methods and utilising all available resources to achieve this supreme objective. Pakistan needs still more foreign exchange for accomplishment of its developmental projects. Enhancement of export-oriented agricultural production would mean earning, of more foreign exchange. So greater emphasis should be laid on this important sector. All the problems being experienced by the, farmers and agencies connected with agricultural production in one way or the other must be solved on expeditious basis and no laxity should be demonstrated in this context. Maximum number of tubewells should be, installed by electrifying more and more rural areas and enhanced quantity of fertilizers and other inputs should be provided to the tillers of the soil on easy terms and without making them to confront any difficulty on this account.

Our province is fortunate enough to have Brig. Usman Hassan as Secretary Agriculture. He is evincing keen interest in improving the conditions in the agriculture sector of the province, and is putt-

ing hard labour, devotion, zeal, dedication and fervour in achieving this task. He is , a capable person ant possesses many amicable qualities. Under his supervision, the Agricultural Department is running its affairs in a smooth manner, His experience is an asset for the department and is a source of tremendous benefits for the officers and staff. We are fully confident that he would introduce still more reforms in the agricultural sector and explore the possibilities of utilising each and every inch of the cultivable land in a judicious and fruitful manner. Arrangements should made to bring more and more area under plough for further enhancing the agricultural production. We believe that efforts on the part of all concerned, farmers, public sector as well as private sector would yield desired dividends.

CSO: 4220/185

## NWFP OFFICIAL DISCUSSES DEVELOPMENT

Peshawar KHYBER MAIL in English 28 Dec 81 p 4

[Text]

ABBOTTABAD, Dec. 27: Alhaj Wazirzada Abdul Qayyum Khan, Commissioner of Hazara Division, has said that government is giving top priority to construction of roads and supply of water to the people particularly in the rural areas.

He was inspecting the Nara-Hajia Road being constructed by the local people in Union Council Nara, Tehsil Abbottabad.

Present on the occasion were Mr. Javed Alam Khanzada, Deputy Commissioner, Abbottabad, Mr. Gouhar Khan, Chairman Union Council Nara, local councillors and elite of the area.

The Commissioner commended the voluntary efforts of the local people for constructing the major portion of the six mile road. He also donated Rs. 10,000 to encourage their self-help efforts.

He said that government was spending millions of rupees for providing civic amenities to the people. These development activities could be further speeded up and standard of living of the people will be raised quickly if the people pool their resources and collectively made a sincere effort to solve their problems on selfhelp basis.

The Commissioner also inspected the additional three rooms constructed at Government High School Mori Badhain costing Rs. 1.50 lac, primary school building there costing Rs. one lac and the basic health unit Nara costing Rs. 3.50 lac.

Talking to the people at Mori Badhain, the Commissioner assured them that the quarters concerned would be approached for speeding up work on Havelian-Kalabagh road, Satara-Jibri road, water supply and other development schemes.

Earlier, in his address of welcome, Mr. Haider Zaman spotlighted the problems of the local people.

Meanwhile Alhaj Wazirzada Abdul Qayyum Khan, assured the Afghan refugees of all possible amenities during their stay in the area.

He was talking to their representatives at Mansehra at the end of his 3-day extensive meet-the-people tour of Mansehra district.

He said that the people of Pakistan, particularly those in Hazara Division, had welcomed them with open arms simply because they were regarded as brothers of Islam oppressed and compelled by an alien power to leave their homes and hearths.

He also prayed for their safe, happy and honourable return to their homeland.

The representatives of the Afghan refugees expressed their

attitude to the government and people of Pakistan for their welfare.

Alhaj Qayyum Khan, has said that government was spending more than Rs. 37 million for augmenting educational facilities in the area during the current financial year.

He was presiding over the installation of the Lalazar Students Union of Government College, Balakot the other day.

He advised the students to keep away from any activity hampering their studies and devote themselves to acquiring knowledge and skills with a view to serving their country and the people to the best of their efficiency.

He said that it was just not enough to be experts or specialists in certain fields. One has to be a true Muslim and a patriotic Pakistani to justify the love showered by parents and homes pinned on them by the nation, he stressed.

Referring to their demand for the hostel building he said that it would be included in the ADP for next year.

Speaking on the occasion Syed Qasim Shah, Chairman District Council Mansehra donated Rs. 10,000 for the benefit of the college students.

EDITORIAL ON OIL, GAS EXPLORATION

Quetta BALUCHISTAN TIMES in English 18 Dec 81 p 3

[Editorial]

[Text]

According to reports , six wells are to be drilled in Baluchistan Province to explore natural gas in Pirkon , gas field area, believed to be in possession of as much as one trillion cubic feet of gas. Exploration as well as finding of oil and gas in the country is the imperative need because at present Pakistan is, compelled to import a huge quantity of oil spending more than half of its hard earned foreign exchange. This heavy expenditure on oil purchase is a great strain and burden , on the national exchequer. The difficulty, in this context is that the prices of oil which are already staggering are shooting high and if this situation goes on unabated then Pakistan would have to spend even more on import of oil to meet its energy consumption requirements.

Forty per cent of country's energy requirements are currently being met by gas mostly found in Sui, and some other parts of the country while 10 per cent needs in this regard are being met the indigenously, produced oil. The natural gas is being utilised in a lavish manner and is depleting at a fast pace. It is feared that if gas, consumption goes on even at the current , speed Pakistan would have to face a lot of difficulties in energy sector over next few

years because all the gas reserves would , be exhausted. So, before we deplete all our present gas reserves, we must strive hard to find more and more gas deposits. Frantic efforts must also be made to strike oil the prospects of which are very bright in Pakistan. Whatever quantity of oil has so far been discovered is drastically inadequate, to meet our requirements.

Drilling of wells for exploration of , gas in Pirkoh is certainly a good step. This would in fact be the first phase of gas exploration in this area. Under this phase , three wells would be drilled with the assistance of the Asian Development Bank, while the remaining three with the available resources of Oil and Gas Development. The work on these six wells is expected to be completed by the end of 1983. Since the Pirkoh area is already gas-prone therefore bright chances of achieving a splendid success in finding huge quantities of gas exist. We are fully confident that efforts made in this area towards this direction would definitely be crowned with success and more gas would be discovered which could be utilised for the progress and prosperity of the country as a whole.

It is an encouraging factor that a crash programme costing Rs. 1,000 million is to be launched shortly to explore more oil and gas in the country for meeting the increased energy requirements for industrial, commercial and domestic consumers. In fact, our economic conditions do not allow us to spend huge quantum of our hardearned foreign exchange on oil and that too in enhanced quantity every year. Our efforts to achieve self-reliance in industrial, agricultural and other vital sectors cannot achieve required success without attaining autonomy in oil and gas. We must accelerate the pace of our endeavours directed towards exploring and finding more and more deposits of oil and gas in the country. We hope our efforts would not go in vain and God Almighty would bless us with this most precious and useful source of immense energy to enable us to overcome our difficulties and hardships in this context.

## EDITORIAL URGES END OF TARIFF RESTRICTIONS

Islamabad THE MUSLIM in English 5 Jan 82 p 4

[Editorial]

[Text] It is a matter of great concern for the developing nations that the industrialised countries have failed to tackle protectionism, inflation, structural adjustment and exchange rate stability, which all have serious consequences for an operating trade system. Hitherto a number of ministerial meetings of General Agreement on Tariffs and Trade (GATT) to deal with the problems facing the developing countries have been held but no tangible steps could be taken to ease the situation. At the meeting with the Director-General of GATT, who is in Pakistan these days, the Federal Commerce Secretary has rightly called for institutional arrangements to ensure fuller and effective implementation of GATT articles on special treatment to the developing countries. He also pointed out that the relevant articles, which were of great significance for trade prospects of the developing nations, had not really been implemented in the true spirit. He suggested that this item should be brought into clear focus as one of the major issues during the forthcoming GATT Ministerial Conference.

The cotton textile group, it may be noted, occupies an important position in the export trade of Pakistan. Unfortunately, however, due to quantitative restrictions in the developed markets in this field, Pakistan is confronted with various problems. The newly reached Multi-Fibre Arrangement (MFA) in particular, is a deviation from the established GATT principles. It is high time, therefore, that both GATT and the developing exporting countries should not allow MFA to perpetuate for ever. This has to go in the interest of the less-developed and the developing countries.

The trade relations as they exist now are beset by a number of complex and potentially disruptive problems reflecting growing protectionist pressures. As such, there is a need for improved international cooperation to solve these problems. As the Federal Commerce Minister has expressed the hope, the Ministerial Conference of GATT, planned for autumn this year in Geneva, would help promote better understanding between the developing and developed nations and remove some of the snags which were impeding healthy growth of world trade.

Pakistan has already supported the right of developing nations to process their own raw materials and the consequent need to end restrictions on the export of cotton textiles and apparel industries. It is high time that restrictions are lifted as early as possible to enable the developing countries to benefit from their exportable goods.



## 'BIG TRACTORS LOBBY' BLUNTED

Islamabad THE MUSLIM in English 22 Dec 81 p 8

[Text]

ISLAMABAD, Dec. 21: Since the go ahead signal from the "Farm Mechanisation Board" for introducing small tractors, the advent of small tractors era in the country from the next financial year has become a foregone conclusion.

The efforts of the "big tractors lobby" to undermine government's initiative to popularise small-power tractors have been blunted. These views were expressed by Jamil Nishtar, Chairman, Agricultural Development Bank of Pakistan, while talking to 'The Muslim' here today.

Mr. Nishtar, who is keen to see 89 per cent of farmers not possessing more than 25 acres to benefit from the modern technology, undertook to offer generous loans to those who wanted to buy these tractors.

According to him, a delegation of his Bank which recently visited

Japan, China and Philippines to assess suitability of small tractors for Pakistan, recommended 25 horse power tractors from these countries. The Chinese TAI-Shan 25 would cost a farmer about Rs. 32,000 which was one-fourth of the big tractors being used by a handful of big land owners. The Japanese

tractor, also in the range of 25-25 H.P., would cost a little more but their technology is stated to be of advanced nature.

The ADBP Chairman said that these small Chinese and Japanese tractors had already been standardised by the experts, besides being approved by the farmers.

He said many private parties were interested to import these tractors in collaboration with the ADBP whose main function would be co-ordination and grant of loans.

Mr. Nishtar disclosed that his Bank's newly introduced "Supervised Credit Scheme" had already covered 7,000 villages and by June next it would achieve 10,000 mark.

He expressed the hope 45,000 villages of Pakistan would fully be covered by this scheme by 1985 which aimed at providing credits and technology to the farmers at their door-step.

He was confident that those areas which were benefitting from SCS would be able to increase their productivity three times, meeting the envied potential of the land.

He said the interest of small farmers in small tractors was evident from the fact that a large number of them have registered their names with the ADBP branches to purchase the device.

GREATER LAHORE PLAN REPORTED UNDER PREPARATION

Islamabad THE MUSLIM in English 23 Dec 81 p 6

[Text]

LAHORE, Dec. 22: A framework for greater Lahore Scheme, with maximum civic amenities to the citizens with special emphasis on improving hygienic conditions is being prepared in the shape of a three year development plan.

The plan is being drawn up by financial administrative and civic experts in collaboration with Local Bodies officials to be discussed with the experts of World Bank for financial co-operation.

Knowledgeable sources told PPI, that the plan if approved by the World Bank experts as of a priority nature would receive World Bank financial help for execution.

The bank will also finance the Lahore Municipal Corporation to implement its portion of the work, within the framework of the plan, alongwith Lahore Development Authority.

The plan will also earmark the areas of work to be executed by LMC and LDA, separately to provide maximum civic facilities to the citizens of Lahore.

Reforms in the measures of recovery of LMC's long outstanding arrears was also been included in the plan.

The plan will not only provide outlines to turn the LMC, into a more viable institution but also ensure overall promotion of civic amenities.

This plan is also envisioned to bring changes in the basic structure of LMC with reference to administration and finance. - PPI

## EDITORIAL SAYS GROWTH FIGURES MISLEADING

Islamabad THE MUSLIM in English 28 Dec 81 p 4

[Editorial]

[Text]

THE Governor of the State Bank delights in quoting economic growth figures publicly. Generally, he focuses his floodlights on the brighter areas but he does not ignore the dark or grey spots altogether. Although the financial year has six more months to go, he anticipates an overall growth rate of 6.2 per cent which will be in line with the average recorded during the last four years. But after population growth has been taken into account, net growth will be around 3 per cent. At this speed, it may take around 20 years before Pakistan could double its per capita income. That would be too slow compared to the spectacular growth in countries west of Pakistan and the rising expectations of our masses. This is the point the American economist who delivered the Zahid Hussain Memorial Lecture organised by the State Bank recently in Karachi, was trying to make. It was not well received by some of his listeners. Clearly, while we may find some satisfaction in the modest progress we are making, when even some of the rich countries are recording negative growth, we have to go a long, long way yet and that can be done only if there is a sense of urgency, and a total national effort instead of the prevailing euphoria over the rate of growth.

Enough alarm signals were raised early this year in regard to the dangers Pakistan's exports faced because of the prolonged recession in the West. With about 20 million workers unemployed there, imports by those countries had to decline, and Pakistan's exports, too, had to suffer, along with those of other exporting countries. But such alarm signals were ignored as Pakistan's export earnings recorded a growth of 25 per cent last year, and the overall growth in the last three years was 125 per cent. Now the SBP Governor says that the exports during the first five months of this financial year have recorded a fall of 2 per cent instead of the expected growth by 14 per cent. Not only the demand has fallen but also prices of such primary commodities as cotton and rice and the projections for 1982 by Western economists are that recession in the industrial nations may not ease until the end of the year. Even this forecast is considered too optimistic by

other economists who fear a longer recession with appalling impact on the developed nations and the Third World States. While the export prospects are dim and international prices of our major exports are falling, inflation at home is keeping up its upward push. The consumer price index for the five months ending October has recorded an annual rate of increase of 13.3 per cent compared to 13.9 per cent during the same period last year, says the SBP Governor. Clearly, there is no let up in the officially acknowledged inflation. And, of course, non-official estimates of inflation have been far higher than the official one.

The official tendency to paint a glossy overall picture of the economy lasts, but when the government goes into details earnestly, it contradicts the overall assumptions. It had been stated too often officially that pulse prices should have dropped and availability increased rapidly as import licences for 80,000 tons at a cost of Rs. 780 million had been issued, and out of that, 52,000 tons had already arrived in the country. Simultaneously, a study carried by the Bureau of Prices and Supplies, Sind, showed that in that Province alone, there was a shortfall of 62,000 tons. Evidently the actual imports have been below the needs of Sind alone, not to speak of the Punjab, the Frontier Province and Baluchistan. The study also showed that the pressure on pulses had increased tremendously following the sharp rise in the price of mutton and beef, and the increase in population while indigenous production had fallen markedly. The Ministries dealing with the economic sector ought to have greater contacts with the market, — especially the retail market and not merely with the Federation of Chambers of Commerce and Industry or other such bodies. Officials can be easily misled or deceived by figures and percentages, but for the common man, the reality is the market and the general price level. It's time we paid greater attention to holding the price-line than to flaunting growth figures in the face of a hard-pressed people.

## STATE BANK CREDIT FOR PRIVATE SECTOR

Islamabad THE MUSLIM in English 5 Jan 82 pp 1, 8

[Text] A meeting of the National Credit Consultative Council was held yesterday under the Chairmanship of the Governor, State Bank of Pakistan, Mr A.G.N. Kazi. The council reviewed monetary and credit situation as it had unfolded during the first half of the current financial year and the likely requirements in the second half. It was observed that the pace of credit expansion and its flow into various sectors of the economy, including the priority sectors viz agriculture, small industry and small business for which mandatory targets are laid down, was proceeding according to the credit plan for 1981-82, says an SBP Press release.

The credit plan for the current financial year envisages total credit expansion of Rs. 9.4 billion in the private sector. The sectoral distribution of this credit, as now revised, is agriculture, Rs. 2.4 billion; manufacturing, Rs. 4.3 billion; housing, Rs. 1.4 billion; and others, 1.3 billion. These are the net figures after taking into account the recoveries made from credit granted previously.

On gross basis the total amount of credit for agricultural purposes is projected at Rs. 5.4 billion. Of this, Rs. 3.7 billion will be provided for financing seasonal inputs like fertilizers, seeds and pesticides. The remaining amount of Rs. 1.7 billion will be advanced for financing fixed investment including sinking of tubewells, purchase of tractors and development and levelling of land. The agricultural credit will be advanced through the Agricultural Development Bank of Pakistan, the commercial banks and the Cooperatives. The share of disbursement of each will be ADBP, Rs. 1.5 billion; commercial banks, Rs. 2.7 billion and F.B.C. and Punjab Provincial Cooperative Banks, Rs. 1.2 billion.

The commercial banks have been directed to make at least an amount of Rs. 1.1 billion available to agriculturists with small holdings upto subsistence level. For the first time this year a separate allocation of Rs 242 million has been made for financing tobacco production and marketing.

For the manufacturing sector, a separate gross allocation of Rs. 2.5 billion has been provided for financing fixed investment which will be disbursed by various agencies as follows: IDBP Rs. 0.3 billion, SBP loans to PICIC, ICP etc Rs. 0.5 billion, Commercial banks Rs. 1.7 billion.

The above allocation for commercial banks is specific and cannot be diverted to other purposes: Commercial banks have been further directed that within their total allocation, there should be a net increase of Rs. 1.8 billion for small industry both for fixed investment and working capita.

Of the allocation for housing, Rs. 1.2 billion have been provided to House Building Finance Corporation which will make loans for financing small houses not exceeding 2250 sq. ft. covered area by giving loans not exceeding Rs. 1.5 lakh in each case. The remaining amount of Rs. 0.2 billion has been allocated to the commercial banks for financing loans of more than Rs. 1.5 lakh but not exceeding Rs. 3 lakh in each case.

Other allocations made include Rs. 800 million for commerce and Rs. 60 million for transport.

CSO: 4220/186



NWFP GOVERNOR ON AFGHAN REFUGEES

Islamabad THE MUSLIM in English 28 Dec 81 p 8

[Text]

D.I. KHAN, Dec. 27. The NWFP Governor Lt. Gen. Fazle Haq has said Pakistan had adopted proper stand on Afghanistan in coming with her ideological commitments.

Addressing a representative Jirga of Sherani tribe at Drazanda about 40 miles from here this morning the Governor said the people of Afghanistan had waged a jihad for the defence of their religious faith. We are supporting their cause at various international forums as they are fighting for Islam, he said adding "it is our religious obligation to help the Muslim brethren in distress."

The Governor referred to the influx of about 25 lakhs Afghan refugees into Pakistan and subsequent misleading propaganda of the vested interest and said Pakistan, having been established in the name of Islam could not slam its doors to the brave and self-respecting people of Afghanistan who are fighting for Islam. Their number is at present 25 lakh and we will keep our doors open for them even if their number goes upto one crore he said.

Repudiating the propaganda launched by certain political elements the Governor said the assertion that they had established industries or purchased landed properties in Pakistan had no foundation whatsoever, such propaganda he said was motivated by the heinous

designs to create differences between the local people and the Afghan refugees. He also ridiculed the claim that saboteurs and subversive elements were being inducted amongst the refugees from across the border and noted that not only the conduct of the Afghan refugees was exemplary but there had also not been any incident of subversion or any other serious crime.

Gen. Fazle Haq stressed that the crusade launched by the Afghan people was in fact a war for Pakistan in view of its ideological basis.

The Governor lauded the role of tribesmen in handling the Afghan refugees and expressed confidence that they would never hesitate from any sacrifice for the defence of their motherland, because they were imbued with the spirit of patriotism and Islam.

Development of the province in general and Drazanda area in particular the Governor assured it was his government's policy to step up the pace of development in the under developed areas. That was why, he said, comparatively more funds were being allocated for the progress of backward areas.

The Governor appreciated the spirit of patriotism, nobility and self respect of the Sherani tribes inhabiting in the frontier region attached to the D.I. Khan division and assured that they would be provided necessary assistance.

# PLAN TO SUPPLY SUI GAS TO AZAD KASHMIR

Islamabad THE MUSLIM in English 29 Dec 81 p 6

[Text]

MIRPUR (Azad Kashmir), Dec. 28: President Brig. Muhammad Hayat Khan, announced here today that survey of Sui gas supplies to the district had been completed and its implementation was under active consideration, according to a Press release.

He also said extension of railway line was also being actively considered by the Pakistan National Economic Council.

The President who was addressing a mass meeting here today sanctioned a special grant of Rs. seven lakh for Akbar Road and 17 thousand feet of pipe for supply of drinking water to the areas of old Mirpur.

The meeting at the Nang Chowk, in the heart of Mirpur City, was attended by more than 20,000 people and was addressed by representatives the Jammu and Kashmir Muslim Conference (Ghazi Group), People's Party (Progressive Group), Jama'at-ul-Ulema-e-Islam, Azad Kashmir, Anjuman-e-Arayan, Azad Kashmir and Punjab, lawyers, notable citizens, ulama and the councillors.

They unanimously condemned the four-party alliance as a conspiracy to stem the development process which had brought people tremendous relief providing them for the first time all amenities of life. They praised the generous aid provided to Azad Kashmir for development under the instructions of President of Pakistan, and expressed full faith in the present Government of Azad Kashmir.

They stressed that the progress made in the fields of education, power, communication, health and telecommunication was a commendable chapter in the history of Azad Kashmir and it was during the recent years that serious attention had been paid to the welfare of the people.

Addressing the meeting Brig. Muhammad Hayat Khan, reiterated that his main aim was to serve the people and pull the country out of the economic quagmire which it had been put into. He was working according to the instructions of Gen. Ziaul Haq who had keen interest in the uplift of the people of the area, he added.

He said it was gratifying that elements who wanted to disrupt the process of progress had been rejected by the people time and again.

## ARTICLE DISCUSSES WHO'S WHO OF ADVISORY COUNCIL

Karachi DAWN in English 2 Jan 82 p 5

[Article by A. T. Chaudhri]

[Text]

**IT WOULD** be no disparagement of the newly-baptised Majlis-e-Shoora to point out that it is not at all a political, or a body of political nobodies: on the contrary, it has a surfeit of politicians of all hue and colour and with diverse party affiliations, as the breakdown of its roll-call clearly indicates.

Officially, all defunct political parties and their top-notchers, who were shouting from the house-tops that they will not come under the penumbra of the nominated Council, have stayed away from it. But, unofficially, many of their highpriests and sub-calibre activists have jumped over the party traces and squeezed themselves into the charmed circle of Councillors. One has also reason to suspect that the kith and kin of the de-activated political leaders who have appeared on the prestigious list of the Shoora enjoy the blessings of their godfathers.

That explains why the pall-bearers of the MRP as well as the torch-bearers of the splintered PNA have fallen over one another to secure coveted seats in the interim body. No wonder, its major contingents are provided by the defunct PPP and the triangular Muslim League. A statistical analysis of the Council's heterogeneous cast would show that some 100 of its members formerly carried the PPP label on their chests. Quite a few contested the abortive 1977 elections on party ticket. No less than 40 have until recently been sailing under the three colours of

the Muslim League. Some strutted on the political stage as Opposition leaders in the Provincial Assemblies. Then, all other parties, including the NDP and JUL, have contributed their modest political quota to the Shoora. The only left-outs are the minor parties of the Left.

### Stalwarts

Since in a cross-section of the Press names have been named, one can be more specific in spotlighting the old political stalwarts and the new entrants into the bazaar of politics. Apart from members of the League, over a dozen office-bearers of its Central Executive Committee have violated the party mandate with impunity and entered the lists of the Shoora. (Among them are Nawabs, Nawabzadas, Rana, Pirs, Khwajas and Qureshis.) Together they make up an elitist group which insists that the League hierarchy can deprive them of their offices but not of their membership of the parent body.

While the defunct PPP and the League are on top of the order of priority, the Istiqlal, the JUP, the FDP and the Jamaat-e-Islami bring up the rear of the Shoora — each with four to five members. (Two office-bearers of Jamaat Ahle-Hadith have also figured on the board, as also some firebrands and scholars of the Shia community.) That belies the much-trumpeted claim of the major parties that they would sit on the sidelines of the Shoora like disinterested spectators. That also brings into question the government's contention that the composition of the new body is sans politics, sans partisanship.

### Politicians

To save their public image, some of the parties have hastened to disown their so-called "defuncts". But, as things are, well over half the 137 members of the Shura — 147 from the Punjab, 71 from Sind, 52 from Sarhad and 18 from Baluchistan — are politically oriented. That may be an understatement, for a careful scrutiny bears out that 48 veteran politicians from the Punjab who have now donned the mantle of Councilors, are former Central or Provincial Ministers and Members of the Punjab Legislative Assembly or the National Assembly. This figure may be doubled if all the four Provinces are taken into account.

A notable feature of the Council's roll-call is that some heavyweights who have long loomed in the political arena have deemed it prudent to stay out of the ring. But their sons, nephews, brothers and first cousins have crashed into the ring with a bang. Their grand total from the Punjab alone comes to 12. It may be considerably inflated by the sons of feudal aristocrats and elitist groups hailing from the smaller provinces.

What adds a new dimension to the new Council is the presence of old rivals in it with their traditional constituencies and preferences. They should perhaps nurse their constituencies, even play to the camera, and take a hand in the power-game, according to the rules of the game, despite the current political vacuum. In a way, there is nothing wrong with it. The politically motivated individuals, along with the Clerics, lawyers, doctors, engineers, feminist leaders, trade unionists and other professionals including a couple of aged journalists, should be able to articulate cumulatively the opinion of their respective sectors, regions and professions.

In the absence of political alternatives, the members of the Shura will tend to be a mixture of conventionalism and pragmatism. In the national life, they can also influence the corridors of power, as in five parliaments, rather than receptive sponges, in conducting public affairs in the public view and adding a dash of public accountability to it.

What may be somewhat disturbing for the mandated Councilors is the turning and drifting of the big names of former parties and their followers, content in responding to the government's call. The RCP has moved fast and almost

expelled one of its luminaries from Sind for violating party discipline. The defunct Istiqlal, the POP, the CP and the League are convening their working committee meetings to decide the fate of the "promoters". But some of the parties, particularly, the League and the Jamaat, are likely to equivocate and take a lenient view of the whole affair, condoning the fast accomplishment of their wayward members.

What next? Now that the old peaks in the political landscape have begun to fade out and new ones have emerged from the planes, attention must be focussed on hastening slowly towards the goal of Islamic democracy. Its outlines have presumably been sketched by the Islamic Ideology Council and a questionnaire has just been issued to elicit the views of the leaders of public opinion on the Islamic political infrastructure. Before long the Shura will have to deliberate on the moths and warps of the new order.

How the members of the Shura demonstrate their "integrity" in clearing the decks for a smooth, painless transition from the present interregnum to a new democratic order, and how soon they make way for an elected Parliament, will be anxiously watched by the people. It would be hazardous, even disastrous, if the new Councilors begin to emulate the example of their forefathers in the legislative-cum-constitution-making body of 1947-56, to prolong their tenure, or if they take a leaf out of the 1962 constituent Assembly, which had dwindled into a rubber-stamp of Bonapartism. History should not move in a circle.

## Consensus

Whatever the political credentials of the select band of members of the Shura, they have to hammer out a broad consensus on 136 vital issues at stake. First, whether the 1973 Constitution is further amended or amended, or a new political framework is devised to supercede the Islamic system of mustaqbil, be referred to the people to accept or reject, general will this can be done through a nation-wide referendum initiated by a General Election, or by an election for the new order, the Council must lay its plan of Islamic representation, as envisioned by Iqbal and Jinnah, the dreamer and creator of Pakistan. Any other course would be a national betrayal.

## EDITORIAL ON THE STATE OF CAMPUSES REPORTED

Karachi DAWN in English 2 Jan 82 p 5

[Editorial]

[Text]

IT WILL be an understatement to say that the atmosphere which prevails in our academic institutions, particularly those at higher levels, leaves much to be desired. And it must be clarified that clashes between groups of students, as a disturbing symptom of this un-academic atmosphere, are not the only one of our worries. The view of a university as a cloistered institution is certainly outdated, perhaps even undesirable in these times. Nevertheless, several aspects which featured in this old-fashioned concept have carried over to our times and must be present in any university worth the name. Amusing though it may appear, one requirement is that teachers must teach, and students must learn, in the true sense of those words. It must be stressed that this can be done, perhaps can only be done, while maintaining a democratic and easy-going relationship between teacher and student. What we have instead is the use of the university as a kind of factory to obtain degrees. Most teachers have

come to accept this situation, with the result that education has become a mechanical process. Several essentials of education are lost because of this. There is little personal relationship between teacher and student — also due sometimes to the adverse teacher-student ratio—so that not only is education affected but also that important part of academic life, discussion between teacher and student on wider issues. As a result students have little chance of discussing matters with more mature persons and benefiting from their greater experience and understanding. It is not surprising that they so often behave like overgrown children, although sometimes with deadlier toys than children would normally have.

Another factor which plays a crucial role in detracting from the academic spirit is the intolerance for differing views which is displayed by teachers, students and university administration. Universities are not isolated from the outside world and the political and economic develop-

ments in the country are bound to be reflected in some fashion among the students. In fact, many students will be forming opinions, on politics or other matters, which will stay with them for a long time. This is a normal part of academic life and should be treated as such by all concerned, not made literally a matter of life and death. The university administration should certainly treat it in a normal fashion and not permit itself to deal over-favourably with any particular school of thought, perhaps under the influence of whichever government is in power. If an administration violates this principle, then it will be reflected elsewhere through the university — in the appointment of teachers for instance — and will inevitably lead to resentment and mistrust of the authorities among students, and a feeling that free expression of thought is being curtailed. This kind of intolerance in the administration and teachers, that certain views will also contribute to more acrimon-

ious disputes among students than would have featured in an atmosphere of greater freedom. It is axiomatic that in a country where ballot-rigging on a national scale is possible, students will be suspicious of the obviously biased administration during university elections, and be easy prey to rumours of rigging.

Students who take recourse to violence should no doubt be condemned and punished, but, at the same time, university authorities should recognise factors which contribute to incidents of violence and remove their own failings. If debates are organised, or magazines printed, in which students can express their opinions freely — but sensibly — then the air can be cleared to a great extent and the urge to take to violence reduced. The same result can be achieved if students are assured that university authorities do not favour any particular group, and that differences of opinion are regarded merely as that, and not as matters of national interest.



## COLUMNS DISCUSSES VIOLENCE, POLITICS ON CAMPUSES

Lahore VIEWPOINT in English 17 Dec 81 p 7

[Text.] **VIOLENT** clashes between rival student factions have increasingly become an unhappy feature of student union elections. Frequently lethal weapons are employed, and some student hostels are known to maintain arsenals of sophisticated arms—sub-machine guns, revolvers, grenades, et al.

Recent events at the Karachi University and certain other educational institutions in our commercial metropolis and elsewhere call for effective action to deal with this growing menace. It seems plain that, despite all the steps promised or taken in the past, the overall situation has deteriorated. For example, in Karachi last week two young lives were lost in a shoot-out and many students injured. At the same time, the University authorities have rusticated about twenty students and some of them have been declared absconders. This disruption of life at places dedicated to higher learning cannot be viewed with equanimity. As for the K.U. elections, the University's declaration of one group as the victor, even if this decision was based on an honest assessment of the likely results—which is widely disputed—, can only give rise to new controversies and disputes. The more sensible course would have been to allow passions to subside and decide on a re-election when normalcy had been restored.

**Ban on weapons**

Usually, after a serious disturbance has occurred at some campus, the authorities step in and conduct raids during which, all too often, caches of weapons are recovered. Arrests are then made, and some of the students involved are punished. However, it is not easy to accept that those who run these educational institutions, supervise their hostels, or even the local police with their varied sources of information, are unaware of the existence of arms in student hostels. Why then do the raids take place only after the event? Why cannot a total and complete ban on keeping weapons of offence in student hostels be imposed and enforced? Another factor that muddies the atmosphere in educational institutions is that some teachers, even those at the top of their administration, get involved in what is described as student politics, patronise certain groups and even support them in their factional tussles. In some places, even the principals or Vice-Chancellors have been accused of allowing their institutions to be run by the leaders of their favourite groups. Such partisan conduct by those who are accepted as the guardians of all students equally can only promote discontent and lead to tensions which ultimately erupt in the clash of arms.

### Partisan politics

One cannot approve of the suggestion made that student union elections should not be allowed. But it certainly is imperative that student politicking and students affairs should not be interfered with by outside elements, and that all political parties, whatever their degree of defunctiveness, should be barred from setting up auxiliary units in our colleges and universities. Student unions should concern themselves with student problems and with national or international affairs on a plane that calls for intelligent study, discussion and debate of various issues. In fact, this process is highly desirable. But it is vital that they should learn to use the force of argument and not the argument of force. The desired change in their attitude should be encouraged by all concerned, but it will become possible only if student affairs are kept free of partisan political activity, and if the leaders of defunct political parties can be persuaded or prevented from fighting their battles by proxy through seeking to control or manage student organisations.

If the problem is approached rationally and the twin evils of violence and partisan political activity can be eliminated, it should be possible to ensure that our educational institutions are kept free from gangsterism which not only destroys peace but diverts a large body of students from their primary task, namely, to pursue their courses of study, gain knowledge, and equip themselves for playing a healthy role in the country's future development.

## COMMENTARY ON CAMPUS LAWLESSNESS

Lahore VIEWPOINT in English 17 Dec 81 p

[Text] AS violence and terrorism are getting somewhat institutionalised, like the lawlessness of transporters and killings on roads, we cannot but be repetitive while taking note of all that is inhuman and intolerable. Look at what happened to a lady professor at the Punjab University,

and the treatment offered to those whose houses were found stocked with contraband arms in Karachi and who were enlarged on bail with little loss of time. It should be understood that it is impossible to tailor Pakistan according to some groups' whims, more so with guns. Similarly it is impossible to allow or tolerate one group to possess, wield and use arms and indulge in brazen-faced goon-dais and get away with it. This is bound to become counterproductive. Illicit arms are available at a price and if foreign Powers are involved, as is alleged, it is all the more easy. But, at the same time, it is the job of any administration to track down the culprits without any overt or covert discrimination. The Karachi University incident has proved that very pious men are involved in protecting hoarders of illicit arms and the matter cannot be hushed up. Laxity on part of the University administration — with one clearly identifiable

group — has caused loss of life at four or five universities and several college campuses.

Incidents at colleges, of which at least one was so shock-

ing that even the NPT English daily reported it. Nor could it be contradicted as a formal FIR had been registered with the police. The teacher, who fell victim to the violence of the

youth, who are running amok, unhindered, are not even bracketed amongst those named by the self-appointed inquisition.

As yet, there is no word from the Vice-Chancellor of the Punjab University as to what action he proposed to take against those who harassed a lady professor

How can one believe that the head of a residential university would remain unaware of the hostels being misused as arms dumps? It is time we realised the threat to the future hopes of the country posed by the partisan attitude of the education department and the media. Peace is being trumpeted all around but not on the campuses where elections are not yet banned. Or, is it some kind of an example-providing device? But then, let it not be forgotten that less than one per cent of the populace reaches anywhere near higher education. In the Punjab, in particular, where arms (including illicit arms) are used on war-abandi basis and murder rate is not so small, letting guns decide union elections and muscle power to make teachers behave is a dangerous course to take.

## BRIEFS

**TRADE GAP LOWER**--Karachi, Dec. 27--Pakistan's trade gap for July-November 1981 has been marginally lower compared to the corresponding period of last year, it was learnt here today. In the first four months of the current fiscal year imports exceeded exports by Rs 9,834.2 million against previous year's figure of Rs. 10,141 million. Whereas the pace of exports have now slackened the trade gap has been reduced because of a simultaneous decline, though marginally, in imports. Imports during the first four months of 1981-82 amounted to Rs. 17,092 million compared to Rs. 17,113 million during July-November 1980. Exports, on the other hand, have risen slightly by Rs. 186 million from Rs. 6,972 million to Rs. 7,158 million during the corresponding period. Exports which rose by 25 per cent last year have slackened due to the reduced shipment of cotton, rice, cotton yarn, and carpets. Meanwhile, approved foreign and balances held abroad including short term securities have declined from Rs. 10.69 billion at the end of June 1981 to Rs. 6.34 billion as on Dec. 17, 1981. The decline in foreign exchange reserves can be partially explained due to seasonal adjustments and partly due to the rising debt liabilities. [Text] (Islamabad THE MUSLIM in English 28 Dec 81 p 1)

**WORLD BANK LOAN**--Lahore, Dec. 28--The World Bank will extend a loan of Rs. 1.46 crore to the government of Punjab to rationalise the prices of milk and meat as also to promote livestock and dairy farming in the province. A knowledgeable source said through this programme of the expansion of livestock and dairy farming and existing strength of high breed milk-giving animals which stood at 90.6 lakh at present will be increased to meet the growing requirement. This programme is also meant for expanding the areas of livestock markets and providing better facilities for their function. Mobile units will also be set up to impart training to the farmers for breeding of high quality milk-giving animals under the programme. The farming community will be educated in such ways and methods that could prove beneficial in proving the quality of milk and minimising the recession of milking period of cows and buffaloes. The co-ordination system amongst the farmers of various areas will also be improved to enable them to exchange their experiences in this respect.--PPI [Text] (Islamabad THE MUSLIM in English 29 Dec 81 p 8)

**TAMAN VISITS TARBELA**--Tarbela, Dec. 29--The visiting Saudi Oil Minister, Sheikh Ahmad Zaki Yamani has said that as Muslims we feel happy and proud to see this great dam. This, he stated while recording his impressions in the visitor's book at Tarbela today. On arrival at the local helipad, the distinguished guest was received by Chairman, WAPDA, Maj. Gen Safdar Butt, Maulana Abdul Baqi, Provincial

Minister for Awaq and Religious Affairs, high officials and notables of the area. The Minister was briefed about the working and salient features of the Dam with the help of models and maps. Later he was taken round the Dam. The Minister showed keen interest in the Dam, especially in the Power Generating Unit. Chairman, WAPDA presented an insignia of the Dam to the distinguished guest on the occasion.--APP [Text] [Islamabad THE MUSLIM in English 30 Dec 81 p 1]

RETIRING FRENCH, BURMESE AMBASSADORS--The outgoing ambassador of France, Paul Henry, had a farewell meeting with the president in Islamabad yesterday. They discussed matters of mutual interest. Foreign Minister Agha Shahi was also present on the occasion. Burmese outgoing Ambassador U Tha Tan also called on the president and discussed regional and international affairs. [BK15075] Karachi Domestic Service in Urdu 0200 GMT 15 Jan 82]

QATAR FOREIGN MINISTER ARRIVAL--Qatar Foreign Minister Shaykh Suhaym ibn Hamad al Thani arrived in Karachi this afternoon. [RELIKAR Karachi Domestic Service in Urdu 1500 GMT 11 Jan 82]

PAKOT MEETS WITH ROMANIAN OFFICIALS--Pakistan's ambassador to Romania called on Romanian Foreign Minister Stefan Andrei in Bucharest and discussed relations between the two countries. The Pakistani ambassador apprised the Romanian foreign minister of the regional situation, Pakistan's security, Pakistan's stand on various issues, particularly the situation in Afghanistan, and also Pakistan efforts to improve its relations with India. [Text] [BK12054] Karachi Domestic Service in Urdu 0200 GMT 17 Jan 82]

TRIBAL AREA GROUP ABOLISHED--Quetta, Dec. 21--The Government of Pakistan has abolished the Tribal Areas Group with immediate effect. All posts of the Tribal Areas Group have been merged with the District Management Group. [Text] [Quetta BALUCHISTAN TIMES in English 22 Dec 81 p 4]

BALUCHISTAN ULEMA'S TOUR--Quetta, Dec 26--A representative delegation of Ulema from Baluchistan is expected to undertake goodwill tour of other Provinces soon. The object of the tour is to create better understanding amongst the religious leaders of other Provinces. The tour is expected to commence after the Mabi-ul-Awwal celebrations sometime towards the middle of next month. The President's Adviser on Religious Affairs from Baluchistan Maulana Abdullah Ghilji will be the leader of the delegation. [Text] [Quetta BALUCHISTAN TIMES in English 27 Dec 81 p 6]

NAVY CHIEF IN KUALA LUMPUR--Chief of Navy Staff Adm Karamat Rahman Niazi left Karachi this morning for Kuala Lumpur on a 10-day official visit. [Text] [BK17122 Karachi Domestic Service in English 1005 GMT 12 Jan 81]

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## GNP ANNUAL GROWTH TARGET SET AT 6.5 PERCENT

Kuala Lumpur BUSINESS TIMES in English 23 Nov 81 p 1

[Text]

THE Philippine government's national economic planning body has set an average annual growth target of 6.5 per cent for the country's real gross national product (GNP) within the five-year period covering 1983 to 1987.

Director General Placido Mapa, Jr. of the National Economic and Development Authority (NEDA) cited the growth target contained in the country's new five-year development plan in a speech before the Financial Executives Institute of the Philippines.

Aside from the "sustainable economic growth," he said other objectives of the new plan include the equitable distribution of development results and total human development.

Mr Mapa said a lower growth rate was expected in the early part of the new five-year period due to the global economic development but a higher growth rate was being counted on towards the latter part of the period.

According to him, the current plan was "closely interlinked" with the new five-year economic programme being finalised particularly since both

were aimed at achieving a long-run, self-sustaining growth of the economy.

Under the new plan, however, the country's growth target was lower than the 7 per cent objective contained in the current development programme covering the period from 1978 to 1982.

Mr Mapa pointed out that the same balanced approach to development will be followed by the next programme which would emphasise "intersectoral linkages" side by side with objectives in priority areas to prevent limited resources from being spread too thinly.

He said the new economic programme will also feature local participation, from the regional down to the village level as a way of generating a "broader support base" in the implementation of priorities.

Mr Mapa said, food production, processing and distribution would still be a major priority together with agriculture and natural resources development whose orientation would be made responsive to specific sectors like energy, industry

and exports.

Under the new economic plan, he said, the government's target was to reduce the country's overall dependence on imported oil from the current 65 per cent to 50 per cent by 1988.

Japan's top agriculture official has told Philippine Natural Resources Minister T. Pena that the Tokyo government is willing to consider lowering tariffs on imported bananas, the Kyodo news agency said on Saturday.

Kyodo said Agriculture-Forestry-Fisheries Minister Takao Kameoka told Mr Pena the Japanese government's position in a meeting on Friday.

But Mr Kameoka reportedly declined to tell the Philippine official whether Japan would respond to Mr Pena's request for shipping more papayas and pineapples to Japan.

The Japanese official instead asked for bilateral negotiations on the Philippines' declaration of 200-mile territorial waters which has kept Japanese fishing boats away since last November. — UPI



AUTHORITIES GATHER INFORMATION ON TERRORISTS

BK090810 Colombo SUN in English 4 Jan 82 p 1

[Article by Aruna Kulatunga]

[Text] A youth gunned down at a printing press in Jaffna on Saturday [2 January] morning has been identified as a member of the terrorist movement indulging in propaganda activity.

Investigations into his shooting by two unknown assailants have led intelligence sleuths operating in the north to uncover information which has described yesterday as "extremely useful" to ongoing investigations into terrorist activity.

Detectives have found that the youth who was shot had in his possession greeting cards bearing exhortations calling for the establishment of a separate state of Eelam and other slogans connected with it. They are now trying to ascertain whether these greeting cards were samples of orders that may have been placed with the printing press.

The manager of the printing firm is learned to have denied they had any order to print the cards. Detectives have questioned him and other printing press employees in this regard.

Although the motive for the killing has not yet been established, intelligence sleuths believe it may have arisen due to the current feuds in the terrorist groups.

Out of three main groups, one is said to be yet undecided on whether or not to support the move by expatriate youth to unilaterally declare a state of Tamil Eelam. The second group is said to be opposed to the exercise while the third is only supporting it.

Detectives have established that the youth had been shot with a point four five revolver, a weapon which has been used by an section of the terrorist group.

Meanwhile reports from Jaffna state that the three youths have already been taken into custody by security forces to be questioned with regard to the shooting.

The killed youth as been identified as Sathasivam Shiva Shanmurgamurthi, of Chulipuram. The body has been identified by the deceased's father and his former school principal.

According to the report, police investigations have revealed that the youth had studied up to his SSC examination at the Victoria College, Chulipuram. Later he had gone to India for further studies. On his return three years later, he had joined a band of youths, who had been engaged in a cooperative farming project at Vavuniya. For the past six years, his relatives are said to have had no indication of his whereabouts.

Security forces have mounted a massive covert operation to indentify the killers of the suspected terrorist. A special team comprising army, police and CID intelligence operatives has been detailed to track down the group of suspected terrorists who opened fire at the youth.

CSO: 4220/187

TAMIL GROUP CALLS OFF INDEPENDENCE MOVE

BK130709 Hong Kong AFP in English 0639 13 Jan 82

[Text] Colombo, 13 Jan (AFP)--A move by a London-based minority Tamil secessionist group to unilaterally declare an independent Tamil state here tomorrow has been called off for lack of support, it was reported today.

The DAILY MIRROR newspaper said that the leader of the London-based Tamil coordinating committee, Krishna Vaikuntavasan, who planned to campaign throughout London tomorrow, had cabled the Tamil United Liberation Front in Sri Lanka saying that he was abandoning the move for lack of support from separatist elements here and in London.

The Tamil United Liberation Front (TULF), which is the biggest opposition party in parliament and whose leader, Appapillai Amirthalingam, is leader of the opposition, disassociated itself from the move, stating that it would not serve the cause of the Tamils here.

The TULF, which is also seeking to establish a separate state of Tamil Eelam in north and east Sri Lanka, feared that such moves by foreign-based Tamil groups to declare independence could provoke a reaction from the majority Sinhala community, endangering the lives and property of Tamils living here.

Earlier, the government alerted Sri Lanka's diplomatic missions abroad of possible demonstrations or attacks on the day independence is declared.

The Tamil minority has accused successive majority Sinhala-dominated governments of discriminating against them in the use of the Tamil language, in education and employment, particularly in the state sector.

The United National Party (UNP) which assumed office in mid-1977 introduced a new constitution which recognised Tamil as a national language while maintaining Sinhala as the only official language.

Tamil was also to be used as a language of administration and in the courts in the north and east.

Last August, when Tamil secessionist militants killed policemen and soldiers in attacks on a police post and a bank, there was a Sinhala backlash resulting in killings, arson, rape and damage to the property of Tamils in different parts of the country. President Junius Jayewardene, decrying the racial violence, declared a state of emergency which is still in force.

CSO: 4220/187

STUDENTS BOYCOTT CLASSES TO PROTEST POLICE ACTION

BK081103 Hong Kong AFP in English 0727 GMT 8 Jan 82

[Text] Colombo, 8 Jan (AFP)--Most university students boycotted classes yesterday to protest against a police baton charge in Colombo Wednesday [6 January] on students demonstrating against the government's proposed educational reforms, a student leader said today.

Four students, including the president of the Inter-University Students' Union, K.W.S. Amarasiri, were injured, according to reports.

The secretary of the students' council, Mihinda Pushpakumara, was quoted today as saying that the student demonstration on Wednesday had been peaceful and non-violent and that no incident had occurred warranting police action.

But Deputy Defence Minister T.B. Werapitiya told parliament last night that some of the 800-odd students demonstrating near the Colombo town hall had obstructed traffic. When police intervened, he said, the students had turned unruly and pelted police with stones.

Education Minister Ranil Wickremasinghe told parliament last night that his information was that the local Communist Party had inspired the students to agitate against the government's white paper on education, break the law and provoke bloodshed.

The reforms aim at changing the schools system, increasing the period of education from 11 to 13 years, giving a new emphasis to technical and vocational teaching and stopping the opening of any new universities or private schools, according to government spokesman.

The students have not explained in detail their opposition to the proposed reforms. But they are said to fear there would be a curtailment of the free education system which the country has had for nearly 4 decades. Education in Sri Lanka is free from kindergarten through university.

The students also fear the numbers entering university would also be reduced, affecting the changes of the poorer sections of the population, from gaining higher education, a gateway to employment.

Unemployment is a pressing problem with over half a million jobless out of a population of 14.5 million, and nearly 250,000 entering the job market annually.

The students union is expected to meet tomorrow to discuss what further action to initiate to make the government withdraw the reforms.

CSO: 4220/187

UNITED KINGDOM BRUSHES ASIDE EELAM MOVE

BK091007 Colombo SUN in English 5 Jan 82 p 1

[Article by SUN diplomatic correspondent]

[Text] Diplomatic initiatives by the government have put a damper to plans by expatriate groups abroad to unilaterally declare a State of Eelam.

The Ministry of Foreign Affairs, SUN learns, has briefed the governments of the countries where the expatriate group's activities are concentrated.

These diplomatic initiatives were particularly concentrated on Britain where a Tamil Coordinating Committee [TCC] proposed to declare a government in exile in London on January 14--Thai Pongal Day.

"There is no question of support of any kind of recognition or acknowledgement," British High Commissioner Sir John Nicholas told SUN yesterday. The activities of the Tamil Coordinating Committee are subject to the laws of United Kingdom, he said.

Although a so-called Tamil Coordinating Committee has said in London that a Unilateral Declaration of Independence [UDI] would take place on January 14, the committee appears to have run into problems on how to set about it.

Krishna Vaikunthavasan who claims to be a conveyor of the committee told SUN in a telephone interview from London it has not yet been decided how the UDI would take place. Asked whether the committee had decided to postpone the move, he said "the original date (January 14) stands. We have not yet decided how it has to be worked out."

He declined to comment, when asked whether the British authorities had made any contact with the so-called committee in regard to their activities.

SUN reliably learns that the British authorities are checking on the credentials of several persons believed to be associated with the committee. This is to ascertain whether they are legally entitled to remain in Britain.

Meanwhile the Tamil United Liberation Front has written to the TCC setting out its position in regard to the UDI move, TULF President M. Sivasithamparam said yesterday.



The TULF recently issued a statement dissociating itself from the reported move of the London-based Tamil Coordinating Committee to unilaterally declare an independent state of Eelam.

Meanwhile the Ministry of Foreign Affairs is still awaiting a report from the Sri Lanka High Commission in Britain on a meeting the Tamil Coordinating Committee is reported to have had on December 12.

CSO: 4220/187

SRI LANKA

BRIEFS

VIETNAM TO CLOSE EMBASSY IN COLOMBO--The Embassy of Vietnam in Colombo is to be closed down shortly. SUN learns that the Colombo Foreign Office has already been informed of the instructions sent from Hanoi to its mission in Colombo. The official reasons given by the Vietnamese Embassy in Colombo is learned to be that the country does not have the required funds to maintain its foreign mission in Colombo. SUN further learns that another mission of a socialist country in Colombo will be closed down within the year. This country which is a leading member of the non-aligned movement as well is expected to close down its mission here following the summit of nonaligned leaders to be held in Baghdad shortly. This embassy now does not have an ambassador and is expected to have a charge de affaires until the closing down of the mission. [Text] [BK090644 Colombo SUN in English 5 Jan 81 p 1]

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